Daily Report

Latin America

FBIS-LAT-92-021
Friday
31 January 1992

Daily Report
Latin America

FBIS-LAT-92-021 *31 January 1992*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTER-AMERICAN AFFAIRS

Caricom, Central American Leaders Meet *[CANA]* 1
Honduras' Callejas Addresses Regional Meeting *[Tegucigalpa Radio]* 1
Cuba, Haiti, Absent *[Panama City ACAN]* 3
Castro Asked To Establish Internal Dialogue *[Panama City ACAN]* 3
Integration of Mercosur Stock Markets Approved *[Brasilia Radio]* 4

CARIBBEAN

Cuba

Havana Reports on 'Terrorist' Training in U.S. *[Havana Radio]* 5
Demonstrations Planned To Protest Embargo *[Havana Radio]* 5
Number of U.S. Prisoners on Death Row Noted *[Havana TV]* 5
Roa Kouri Addresses UN Human Rights Commission *[Havana TV]* 5
Syrian President Meets With Jose Ramon Fernandez *[Havana Radio]* 5
Association Official on Ties With Former USSR *[Havana TV]* 5
Malmierca Meets With UN Associations Official *[Havana Radio]* 6
Fuel Shortages To Limit 1992 Sugar Production *[Havana Radio]* 6
Exercise Results in 43 Economic Crime Trials *[Havana Radio]* 6
More on Vigilance Exercises *[Havana Radio]* 6
Provincial Court Prosecutes 17 for Embezzlement *[Havana Radio]* 6
Further Trials Reported *[Havana Radio]* 7
Almeida Tours Granma, Meets With EJT Members *[Havana Radio]* 7

Haiti

Government Disclaims Responsibility for OAS Aid *[Port-au-Prince Radio]* 7
Parties Want Investigation Results Made Public *[Port-au-Prince Radio]* 7
Deputies Divided on Senate Resolution *[Port-au-Prince Radio]* 8
Senate Calls Attack 'Threat Against Democracy' *[Port-au-Prince Radio]* 8
Chamber of Deputies Condemns 'Barbarous Act' *[Port-au-Prince Radio]* 8

MEXICO

Government Announces Forces To Join ONUSAL *[Mexico City TV]* 9
Revolutionary Party Denies Governors' Crisis *[Mexico City Radio]* 9
Salinas Speaks on Drug Control Achievements *[Mexico City Radio]* 9
Bloc To Fight Drug Trafficking Announced *[Mexico City TV]* 10
Government To Protest U.S. Tuna Embargo *[Mexico City Radio]* 10
* New Profeco Local Oversight Committees Cited *[LA JORNADA 20 Dec]* 10

CENTRAL AMERICA

Costa Rica

Foreign Minister: Cuban Execution 'Unacceptable' *[LA NACION 22 Jan]* 12
President Suspends Collective Bargaining Laws *[LA REPUBLICA 24 Jan]* 12

El Salvador

Assembly Ratifies Armed Forces Reforms *[San Salvador TV]* 12
Approves Copaz Law *[Panama City ACAN]* 12
Cristiani on Peace Agreements, Amnesty Law *[San Salvador TV]* 13
Defense Attorneys Appeal Verdict in Jesuit Case *[San Salvador Radio]* 13
Defense Minister Reveals Plan To Curb Crime *[San Salvador TV]* 14

Guatemala

Serrano on URNG Guerrillas, Negotiations *[Guatemala TV]* 14
Rebels Attack Police Stations, Seize Weapons *[EL GRAFICO 26 Jan]* 14
Peten Arsenal Possibly From Salvadoran Rebels *[Panama City ACAN]* 15
PRC Fishing Boat Intercepted in Pacific *[SIGLO VEINTIUNO 29 Jan]* 15

Honduras

Callejas, Belize's Price on Regional Integration *[EL HERALDO 30 Jan]* 15

Nicaragua

Report on Recontra-Recompa Fighting 26-29 Jan *[BARRICADA 26 Jan, etc.]* 16
Sandinist Army Announces 'Military Offensive' *[BARRICADA 30 Jan]* 16

Panama

PDC Differences With Endara Explained *[LA ESTRELLA DE PANAMA 30 Jan]* 17
Endara Falls Ill at 'Fuertes Caminos 92' Event *[Panama City TV]* 18
Church Rejects U.S. Providing Carnival Security *[PANORAMA CATOLICO 26 Jan]* 18
Daily on Allegations Following EPASA Incident *[EL PANAMA AMERICA 30 Jan]* 19

SOUTH AMERICA

Argentina

* Eduardo Menem Discusses Constitutional Reform *[SOMOS 23 Dec]* 20
* Alfonsin, Angeloz Step Up Mutual Criticism *[SOMOS 23 Dec]* 22

Bolivia

Labor Federation, Government Sign Agreement *[La Paz Radio]* 24
Interior Minister Comments *[La Paz TV]* 24
Net Reserves in Dec 1991 Total $197 Million *[PRESENCIA 19 Jan]* 24

Brazil

Itamaraty Issues Message on Downing of Plane *[Rio de Janeiro TV]* 24
Economy Minister Departs for Paris Club Talks *[Rio de Janeiro TV]* 25
Discusses Debt Negotiations *[Rio de Janeiro TV]* 25
IMF Grants $2 Billion Standby Loan *[Brasilia Radio]* 26
Passarinho Explains Political Coordinator Job *[O GLOBO 29 Jan]* 26
Plans for New 'Programming Secretariat' Canceled *[O ESTADO DE SAO PAULO 20 Jan]* 27
* Amendments Pending in Congress in Early 1992 *[GAZETA MERCANTIL 31 Dec-2 Jan]* 27
* Fundamentals of Agrarian Reform Plan Defined *[VEJA 1 Jan]* 29
* Status of Privatization Program Surveyed 30
* Priority in Public Services *[O GLOBO 5 Jan]* 30
* Difficulty in Financing *[O GLOBO 5 Jan]* 30
* Obstacles in 1991 *[O GLOBO 5 Jan]* 30
* Timetable for 1992 *[O GLOBO 5 Jan]* 31
* Mercosur Import Duty Reductions Outlined *[GAZETA MERCANTIL 3 Jan]* 32
* Goldemberg Seeks Scientists' Support for Accord *[O ESTADO DE SAO PAULO 5 Jan]* 33

* Exchange Program for Soviet Scientists Funded *[O ESTADO DE SAO PAULO 4-6 Jan]* 34
Roundup of Economic Activities 5-29 Jan *[FOLHA DE SAO PAULO 5 Jan, etc.]* 35

Chile

Peru's Blacker Ends Visit; Assesses Talks *[Santiago TV]* 37
Argentine Envoy: Herrera Extradition Possible *[Santiago Radio]* 37
Ominami Discusses Economic, Currency Issues *[Santiago Radio]* 38
Roundup of Economic Activities 18-29 Jan *[EL MERCURIO 18 Jan]* 38

Colombia

Agriculture Minister on Venezuela Trade Issues *[Santa Fe de Bogota Radio]* 38
ELN Attacks Oil Pipeline Installation *[Santa Fe de Bogota TV]* 40
Editorial on 'Economic Opening' in Auto Industry *[EL TIEMPO 27 Jan]* 40

Ecuador

Communique Issued on Peru's Military Proposal *[Quito Radio]* 40
* Poll Surveys Ecuadoran Perceptions of Fujimori *[Lima EL COMERCIO 13 Jan]* 41

Paraguay

Rodriguez Proposes Diverting Brazilian Pipeline *[NOTICIAS 30 Jan]* 41
Frutos Visits Europe for Debt Negotiations *[NOTICIAS 30 Jan]* 42
Government Pays $218 Million on Foreign Debt *[ULTIMA HORA 24 Jan]* 42
Industrial Production Drop in 1991 Noted *[ULTIMA HORA 25 Jan]* 42

Peru

* New Military Commander Emphasizes Civic Action *[EL PERUANO 8 Jan]* 42

Uruguay

President Lacalle Delivers National Address *[Montevideo Radio]* 43
Entire Cabinet Resigns at Lacalle's Request *[Buenos Aires NOTICIAS ARGENTINAS]* 44
Government Requests Debt Payment From Russia *[Buenos Aires NOTICIAS ARGENTINAS]* 44
Antidrug Cooperation Accord Reached With UK *[EL PAIS 24 Jan]* 44
Spokesman Denies Partial Sale of Gold Reserves *[Montevideo Radio]* 45

Venezuela

Perez, Colombia's Gaviria Sign Agreement *[Caracas TV]* 45

Caricom, Central American Leaders Meet

FL3001184392 Bridgetown CANA in English 1453 GMT 30 Jan 92

[Text] San Pedro Sula, Honduras, Jan 30, CANA—Diplomats and other officials from the Caribbean Community (Caricom) and Central America met here on Wednesday to prepare for a two-day meeting of foreign ministers opening on Thursday.

The officials discussed a range of issues of mutual interest including security, human rights, and functional co-operation in a variety of areas such as technological and scientific development, tourism, preservation of the environment, and disaster prevention and preparedness. Among the recommendations which the ministers will consider is the establishment of mechanisms to facilitate joint analysis of international issues, the expansion of trade and other economic activities, and the strengthening of integration efforts between the two regions.

Two Caricom heads of government, Jamaica Prime Minister Michael Manley and Belize Prime Minister George Price, will address the opening session of the conference on Thursday, as well as Honduras President Rafael Leonardo Callejas.

The emergence of this new dialogue between the two regions has been influenced by a number of factors, foremost among them the recognition of Belize as a sovereign state by neighbouring Guatemala, which for years maintained a claim to a part of the territory of its English-speaking neighbour.

"The Central Americans have been behind us for this sort of dialogue for over two years, but we really could not make any meaningful progress until Guatemala adopted a principled position regarding Belize," one Caricom foreign minister told CANA on condition of anonymity.

Grenada's top envoy to Washington Denneth Modeste, who led his country's delegation at Wednesday's meeting of officials, told CANA the consolidation of economic blocs such as the soon-to-be-realized single European market, the proposed North American free trade agreement involving the USA, Canada, and Mexico, and the Andean Pact had turned regional integration and economic and commerical co-operation into issues which had to be seriously addressed and pursued. He said the meeting could be considered the first step towards a more intensive political and economic dialogue between countries of the two regions.

Among the ministers from Caricom here for the meeting are Sir Clement Maynard, Deputy Prime Minister and Foreign Minister of the Bahamas; Brian Alleyne of Dominica; Said Musa of Belize; David Coore of Jamaica; Michael Andrew, Grenada's health minister; Ralph Maraj of Trinidad and Tobago; and Cedric Grant, foreign affairs adviser to Guyana President Desmond Hoyte. Antigua, St. Lucia, St. Vincent and the Grenadines, Barbados, and St. Kitts and Nevis are being represented at ambassadorial level. The foreign ministers of Costa Rica, Panama, El Salvador, Nicaragua, Guatemala, and Honduras, along with the vice president of the Dominican Republic, are attending.

The Caricom ministers met Wednesday night in caucus with officials of the Caricom Secretariat led by Secretary General Roderick Rainford.

Honduras' Callejas Addresses Regional Meeting

PA3001195492 Tegucigalpa Voz de Honduras Network in Spanish 1617 GMT 30 Jan 92

[Speech by Honduran President Rafael Leonardo Callejas to open the first conference of ministers of the Central American and Caribbean Common Market, Caricom, countries in San Pedro Sula, Honduras—live]

[Excerpts] [Words indistinct] of the Caribbean Common Market, Caricom; Your Excellency George Price, prime minister of Belize; Mr. Joao Baena Soares, OAS secretary general; Mr. Hector Guillen, municipal mayor of San Pedro Sula; Your Excellencies, foreign ministers, ministers of state, ambassadors, representatives of friendly countries accredited in Honduras, ladies and gentlemen:

Allow me, first of all, to express to you in the name of the Honduran Government and people and in my own name, our satisfaction over your visit to our country. Our pleasure in receiving you, dear friends, increases in view of our confidence that this meeting we open today will set the foundation for a new era of understanding and cooperation for the benefit of all the countries represented here.

The fact that this first ministerial conference of the Central American and Caricom countries is taking place in Honduras is no coincidence. Honduras is a country with a definite commitment to the Caribbean. Its very geography has determined this. For this reason, the presidents of Central America approved the proposal of this event in July, 1991, during the meeting of presidents in San Salvador, because they realized that Central America and the Caribbean have maritime borders pointing toward a common destiny.

We decided to hold the meeting in San Pedro Sula, because this city is testimony of our closeness to the Caribbean Sea. We Hondurans are convinced that, despite the difficulties being faced by the world economy, we have the necessary human and natural resources to develop our country fully and guarantee a dignified and decent life to all our compatriots. This feeling is shared by all the countries meeting here today.

We believe that for countries the size of ours, development can only be achieved to the extent [3-second break in reception]. In this regard, we feel it is indispensable to reach agreements with neighboring countries and groups of countries with which we have basic affinities to create new options for development. That is why the Central

American governments' efforts revolve around the topic of integration. We in Central America share a belief in the need to create an economic and social community that will make it possible for us to achieve new launching points for development. We are negotiating with Colombia, Mexico, and Venezuela to boost our trade, and we are considering ways of ensuring a market for our products in the future North American free trade zone.

We also hope to develop to the maximum relations with those Caribbean countries with which we share the same ideals of democracy, peace, justice, and progress. That is why, on 18 February 1991, while on a visit to Belize, I proposed to His Excellency, Prime Minister George Price that we join efforts to promote a high-level meeting between the Central American and Caribbean countries. Subsequently, in San Juan, Puerto Rico, the same proposal was made to Jamaican Prime Minister Michael Manley.

First of all, this meeting should serve to institutionalize a high-level dialogue among our countries in an attempt to increase cooperation in the political and economic areas, strengthen democracy and respect for human rights, and create mechanisms for permanent contacts and relationships on topics of common interest.

Additionally, the dialogue would help to spur intraregional trade, create a trade zone, and pave the way for cooperation in all areas among the Caribbean Basin states. This year, which marks the 500th anniversary of the discovery of America, is more than appropriate for a reflection on our historic past, and at the same time, for thought about our peoples' future.

This meeting should serve, at least, to reaffirm within us the conviction that we belong to a geographic area, whose nature and advantages can be fully utilized only if we work together. [passage omitted]

One of the most important characteristics of the world is that countries are forming blocs to utilize to a maximum their economic potential. This is true for large countries as well, including the EC and the North American countries.

The similarities of our economies and our common political and commercial interests make it necessary to improve the communication and the cooperation among all the states of the region.

I believe that one priority of this conference is to analyze the suitability of establishing a trade agreement between Central America and the Caribbean. It should be stressed that the Caribbean basin could guarantee an intraregional market of more than 40 million people.

The participating subregions share the idea of utilizing economic integration as an effective tool for development and modernization. The experience acquired by the Caribbean community and by the Central American isthmus in the field of integration must serve to create the tools and measures that are adequate to achieve our own integration.

The creation of such a trade zone would face obstacles that must be overcome. These obstacles, however, are very small when compared with the benefits that would be derived from such a zone. The benefits of closer relations are not limited to expanded intraregional commerce. To enhance our common interests in our relations with third countries, we should unite efforts to safeguard and to expand our current markets and to secure new markets.

For instance, we are beneficiaries of the Caribbean Basin Initiative [CBI], which is, in fact, the only mechanism that offers us preferential access to the U.S. market. The importance of the advantages of that system for our countries is significant, due to the fact that exports made under the protection of the CBI to the United States increased from $7 billion in 1989 to $7.6 billion in 1990.

These figures show how important it is for our economies to preserve that market, whose potential would be far greater if we could get those products, now excluded from the benefits of the system—textiles, sugar, oil products and byproducts—to be included in the system. We can probably achieve that goal if we make a joint effort to that effect.

In this same order of ideas, it is necessary to be aware of the impact that the creation of the free trade association among Canada, the United States, and Mexico will have on our commercial relations with those countries, if we do not take the pertinent measures. One way would be to have the benefits of that free trade association of North America extended to the countries of the CBI. This requires, once again, the coordination and execution of joint actions among all of us. The development of the current round of negotiations of the General Agreement on Tariffs and Trade, GATT, emphasizes once more, the imperative need that we work together. If we act in an isolated manner, we can hardly expect to obtain the benefits that GATT can offer us and which we need for our tropical products, textiles, and other products that weigh heavily on our economies. Also, it is advisable that we give common treatment to specific topics of particular importance, such as the foreign debt, the antidrug trafficking struggle, and protection of the environment.

For all of these reasons, dear friends, we firmly believe that the time has come to act and to begin to lay the groundwork for a large Caribbean community, respecting the individual characteristics of each one of the states of the region, which constitute a valuable tool for the development and progress of their inhabitants. Therefore, Messrs. Ministers and Delegates, I urge you to do your utmost to conduct the delicate tasks that have been assigned to you, confident that the decisions you adopt in this conference will set the bases of greater welfare for the millions of inhabitants of our region.

We have delayed holding this meeting for 500 years. Perhaps, however, never before in our history has the moment been more timely to hold it. Our era is one of transformations and precedents. Over the past few years we have seen Marxist totalitarianism virtually crumble and the tensions that gripped the world since the end of World War II have vanished. We see with increasing hope and satisfaction the creation of a climate of peace and confidence among nations that opens possibilities of development, unimaginable only one decade ago. In Central America, after what we called the lost era, we have passed to a new stage of peace and undoubtedly solid and lasting bases. It is time to equip our industry, agriculture, and trade with a broader base that will permit us to compete successfully in the world trade currents.

Consequently, the year 1992 appears as a year that can be a landmark in our common history. It depends to a large extent on the results of the conference. We Hondurans are very satisfied to have you in San Pedro Sula. We recall the words of illustrious British statesman Winston Churchill, who said that it was important to remember the past, but not to live in it, because if one lives in the past, one loses the future. I declare inaugurated this conference of Caribbean countries. [applause]

Cuba, Haiti, Absent

PA3101012192 Panama City ACAN in Spanish 1203 GMT 30 Jan 92

[Report by Manuel Torres]

[Text] San Pedro Sula (Honduras), 30 Jan (ACAN-EFE)—Cuba's absence emerged as an unexpected issue during unofficial debates at the first Ministerial Conference of Central America and the Caribbean Common Market (Caricom).

Attending the two-day meeting, which was inaugurated on 30 January, were delegates from 23 countries—17 Caribbean and six Central American—with both Cuba and Haiti absent for political, albeit different reasons.

Regarding Haiti, there was general agreement that it should return to an institutional system and end the differences that led to the military coup. Not everyone, however, favored the return to power of President Jean-Bertrand Aristide.

The conference's organizers said Cuba was not invited because it is not a Caricom member. Several other participating countries, however, including Aruba, Dominican Republic, Curacao, Suriname, and Puerto Rico are also not Caricom members.

Regarding the so-called "Pearl of the Antilles," opinions ranged from radical opposition to Fidel Castro's regime to opposition to foreign intervention in the island's internal affairs.

The most anti-Castroite bloc is Central America. The Costa Rican Foreign Minister Berndt Niehaus said: "Cuba is not democratic, and it would have no place at this meeting of democratic countries."

Honduran diplomats said Cuba has a centralized economy that is "incompatible with our system of free enterprise and common market."

These views were supported by the delegates from the smaller islands, such as Dominica and Grenada, which support a "radical change" in the Cuban administration.

In contrast, officials from countries such as Jamaica and Barbados, which maintain diplomatic ties with Havana, said Cuba's future must be decided internally, without outside interference.

The Caribbean states seemed uncertain what strategy the United States will adopt toward Cuba, and the Antillean region at large, in the "key" year of 1992.

"All of the Caribbean nations are anxious about Cuba. At the same time, some states believe the United States may increase its economic aid in the region," said one Jamaican political analyst.

Not all of the countries want to get involved in the issue. OAS Secretary General Joao Baena Soares, who abstained in San Pedro Sula from expressing any opinion on Cuba's absence, said that "since 1962 Cuba has been suspended from the OAS."

Beyond the controversy, Cuba is almost twice the size of the territory occupied by the 12 countries in the Caricom, it has twice the population, and its production—although based on sugar—by far exceeds the industrial level of most of its neighbors.

Castro Asked To Establish Internal Dialogue

PA3101021592 Panama City ACAN in Spanish 1639 GMT 30 Jan 92

[Text] San Jose, 30 Jan (ACAN-EFE)—The presidents of Central America's legislatures invited Cuban President Fidel Castro to establish a dialogue of national reconciliation in his country, allow the political activity of dissident groups, and eliminate the death sentence, Costa Rican legislative sources stated on 30 January.

The isthmian legislative leaders sent a letter to Castro calling his attention to the "radical changes" in the world "toward political organizations that are representative, multipartisan, and respectful of human rights."

They conveyed their concern to the Cuban president "that the government that you lead is maintaining stances that are at odds with this new current, an attitude that ultimately harms the noble and intelligent people of Cuba."

In their letter, the lawmakers asked Castro to seek dialogue "among all Cubans" to achieve national reconciliation.

They also asked for full freedom for dissidents and defenders of human rights, in the way stipulated by

international law, and in particular in the Universal Declaration of Human Rights

"We ask you to ban the death sentence in Cuba as the outcome of summary trials, an anachronistic procedure in this day and age," the legislators added.

Signing the letter were: Miguel Angel Rodriguez, Costa Rican Legislative Assembly president; Salvadoran Legislative Assembly President Luis Alberto Angulo; Nicaraguan National Assembly President Alfredo Cesar; Guatemalan National Congress President Edmond Mulet; Panamanian Legislative Assembly President Marco Ameglio; and Honduran National Congress President Rodolfo Irias.

Integration of Mercosur Stock Markets Approved

PY3001123692 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 30 Jan 92

[Text] The integration of the stock markets of the Mercosur [Common Market of the South] countries, thus freeing direct investment with the fluctuating exchange rate, has been approved.

The National Monetary Council also has given its approval to allowing private enterprises to sign insurance contracts against the variation of interest rates on the international market.

The integration of the Sao Paulo, Buenos Aires, and Montevideo stock markets is the first step in the creation of a financial community of the Mercosur countries.

Cuba

Havana Reports on 'Terrorist' Training in U.S.

PA3101025592 Havana Radio Havana Cuba in Spanish 0000 GMT 31 Jan 92

[Text] David Evans, an official of the U.S. Interests Section in Cuba, has told Radio Havana Cuba that until now he has had no knowledge that his government began an investigation on terrorist groups that continue training in the United States to infiltrate Cuba. The U.S. official said his government cannot begin legal action against a group that is training, since there is no proof of the purpose of this training.

A leader of the terrorist Command L group recently told the press that the group will continue training to infiltrate Cuba and that he has not received any warning from the Washington government to stop his activities. Following the recent charge by the Cuban Government on the illegal entry of a group of counterrevolutionaries for terrorist purposes, the U.S. Department of State said it will take legal action against anyone using U.S. territory to promote violence in Cuba.

According to the Mexican news agency NOTIMEX, almost 30,000 Cuban-born terrorists have been trained in Florida since 1959. Belonging to different groups, these people have made tens of incursions onto Cuba's coasts.

Demonstrations Planned To Protest Embargo

FL3101140792 Havana Radio Progreso Network in Spanish 1200 GMT 31 Jan 92

[Text] On 1 February in San Francisco and on 2 February in Seattle, Washington, thousands of Americans will demand the end of the economic embargo against Cuba and withdrawal from the naval base in Guantanamo. Gloria de la Riva, one of the organizers of the San Francisco event, said this demonstration has the same objectives as the one carried out on 25 January in New York, where thousands of Americans showed their opposition to the embargo against Cuba.

Number of U.S. Prisoners on Death Row Noted

FL3101023292 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 31 Jan 92

[Excerpt] [Passage omitted] According to a study by a U.S. institution located in Alabama, there are more than 1,500 people in the United States waiting to be executed by hanging, gas chamber, electric chair, or by firing squad. The death penalty, which is applied in 37 of the 50 states of the Union, was reinstated by the Supreme Court in 1976. This extreme measure is applied to those convicted of crimes and those who commit espionage offenses in peacetime, among other cases.

Roa Kouri Addresses UN Human Rights Commission

FL3101023192 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 31 Jan 92

[Text] At the 48th session of the UN Human Rights Commission, Cuban Vice Foreign Minister Raul Roa Kouri has explained that Cuba has rejected a militarily and politically unipolar world and the attempts to impose, on an international scale, a single political and social model accompanied by a neoconservative market economy program. Roa Kouri stated that the current international situation requires more than ever that we uphold the defense of the principles of the free determination of peoples subject to colonial domination, the sovereign equality of nations, the solving of disputes by peaceful means, and the nonuse of force or the threat of force.

He stressed the changes over the last decade, which have de facto altered the international situation, replacing the division into antagonistic blocs with the military and political predominance of a single superpower and bourgeois ideology. Concerning Cuba specifically, he reiterated that it is building and improving its participatory, socialist democracy, which it will defend with similar determination against outside attempts to destabilize it.

Syrian President Meets With Jose Ramon Fernandez

FL3001185492 Havana Radio Rebelde Network in Spanish 1800 GMT 30 Jan 92

[Text] Syrian President Hafiz al-Asad met with Jose Ramon Fernandez, vice president of the Cuban Council of Ministers, in Damascus today. The topics discussed focused on the situation in the Middle East and the development of international issues.

Association Official on Ties With Former USSR

FL3101023392 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 31 Jan 92

[Text] Arnaldo Tamayo Mendez, president of Cuba's friendship association with the republics of the former Soviet Union, has held a meeting with a group of Afghanistan veterans. During this meeting, Tamayo reviewed the association's work in treating the young men who had fought in Afghanistan and the children who had suffered the consequences of the Chernobyl catastrophe and are in our country receiving medical care.

After stressing the close relations that exist between the peoples of Cuba and the former USSR, he advocated greater fraternity. Moreover, Aleksandr Alekseyev, vice president of the friendship association with Cuba and the first ambassador from the former USSR to our country, expressed his gratitude for the support in solidarity from Marti's homeland and the disinterested friendship that unites our peoples.

Malmierca Meets With UN Associations Official

FL3001214592 Havana Radio Reloj Network in Spanish 2050 GMT 30 Jan 92

[Text] Cuban Foreign Minister Isidoro Malmierca has met today at the Cuban Foreign Ministry with Malcolm Harper, vice president of the World Federation of UN Associations. Harper, who is also the director of the UN Association in London, is in Havana at the invitation of the Cuban UN Association [ACNU], an organization which will expand its bilateral relations with the federation.

ACNU Director Martin Mora attended the meeting held between Foreign Minister Malmierca and the high-ranking UN official. Among the subjects discussed were the future role the Security Council should play and its composition. The federation Malcolm Harper represents is made up of 77 of the 166 UN members and is a nongovernmental organization.

Fuel Shortages To Limit 1992 Sugar Production

FL3001135092 Havana Radio Progreso Network in Spanish 1200 GMT 30 Jan 92

[Text] Carlos Lage Davila, secretary of the Executive Committee of the Council of Ministers [title as heard], has told the JUVENTUD REBELDE newspaper that the sugar crop for this year, already in progress, will not reach the amount of 7.5 million tons that was easily reached in recent harvests. Fuel shortages and other material difficulties will limit sugar production for 1992. Lage reiterated that the serious limitations imposed by the fuel shortage will affect the production of other items and that the decisive factor for overcoming this and other adversities is the conservation of energy.

Carlos Lage Davila, secretary of the Executive Committee of the Council of Ministers, confirmed that a petroleum deposit has been found in Ciego de Avila Province, which will produce approximately 60,000 to 70,000 tons of crude oil per year, or close to 200 tons per day. Lage said this amount is not even close to being enough to solve our current fuel needs, but it can be considered a positive step in the great efforts that the country is making to become economically independent. The petroleum found in Ciego de Avila is of good quality and will be used primarily in the production of basic oils.

Exercise Results in 43 Economic Crime Trials

FL3001162092 Havana Radio Rebelde Network in Spanish 1255 GMT 30 Jan 92

[Text] The effectiveness of the Unified Vigilance and Protection System in Sancti Spiritus has been tested with the Invincible Escambray exercise. Forty-three show trials [juicios ejemplarizantes] were held during its first six days. This figure had never been equaled in the province. Only 63 show trials were held in 1991. These trials are held where the crimes are committed and with the participation of all the people of the area.

Thanks to the efficiency of the police, the support of other organs, and the undoubtable help of the population in the detection of these crimes, important protective measures have been implemented which eliminate incentives to commit crimes.

A number of vehicles were stopped in one operation called Roadways, involving the national highway and the train from Havana to Sancti Spiritus. Among them was a car from Camaguey with several people inside carrying close to 30,000 pesos, hundreds of dollars, and foreign merchandise clearly destined for the black market. These people were arraigned in court for prosecution.

More on Vigilance Exercises

FL3001213892 Havana Radio Reloj Network in Spanish 2032 GMT 30 Jan 92

[Text] The third day of exercises under the Unified Vigilance and Protection System [SUVP] took place in Villa Clara Province with 78 percent participation and the performance of numerous activities in the prevention and handling of crime. Hundreds of illegal residents were located, dozens of citizens on wanted lists were captured, and about 100 show trials were held in all the province's municipalities.

The guard forces made up of workers and members of cooperatives and Committees for the Defense of the Revolution have been reinforced and monitored. Appropriate measures have also been taken against state vehicles that circulate without authorization and are parked at night in unofficial parking lots. The SUVP forces and organizations in Villa Clara, along with the people, are responding to those who violate the law, and are preserving the revolution's property and gains.

Provincial Court Prosecutes 17 for Embezzlement

FL3001163092 Havana Radio Progreso Network in Spanish 1200 GMT 30 Jan 92

[Text] From the office of the public prosecutor in Holguin Province, Astos Hernandez Sanchez has reported that the country has lost over 224,000 pesos because of peoples' desire to obtain profit and attempts to live beyond their means, as well as the lack of control and supervision. This violation of socialist law was discovered in various agricultural markets, under the direction of the Holguin Municipality collection agency during an audit.

Seventeen citizens are accused of misappropriation, falsification of private documents, and illegal gambling. Most of the defendants worked as administrators of small markets. They formed part of a network of unscrupulous and corrupt people who illegally appropriated agricultural products aimed at the Holguin populace.

During his presentation, the prosecutor showed that the main defendant, an accountant for the central collection warehouse, suggested to the accused administrators that they destroy invoices of certain products which were

distributed to retailers. Through these criminal activities, they embezzled large sums of money from the sale of these products. These crimes went unpunished for three years.

During the public hearing, the defendants admitted they participated in the activities and assumed penal responsibility for the charges. Some of those with criminal records expressed remorse for their criminal activities. In their confessions, they explained that with the embezzled funds they would go to parties, feasts, and take vacation trips costing large sums of money. Furthermore, they frequently drank alcoholic beverages in their respective work centers, which affected the proper distribution of the agricultural products they sold.

During his closing arguments, the representative of the public prosecutor's office summarized the defendants' criminal activities and also underscored the threat that these individuals are to society. The provincial tribunal of Holguin will issue its final verdict soon.

Further Trials Reported

FL3101025692 Havana Radio Rebelde Network in Spanish 0000 GMT 31 Jan 92

[Text] The main defendants in the trial for gambling and other crimes being held in Camaguey, have received sentences of 18 years and 16 years and six months in prison. The result was made public this afternoon at the conclusion of the trial of Case No. 1169 of 1991 of the second chamber of the Provincial People's Tribunal. In all, 64 people were prosecuted for illegal gambling, forgery of public documents, illegal currency trafficking, complicity, failing to report criminal activities, and for illegal possession and bearing fire arms. The court sentenced Rodolfo Valentino Curro Sanchez to 10 year and six months in jail and gave 18 years to Adalcide Villafana Acosta. Both men will also have to pay 5,000 pesos in fines.

During the trial it became evident that the gambling ring, headed and controlled by Curro Sanchez, made the most of the despicable defendants to turn to a life of crime and promot illegal economic transactions completely outside the official system. The remainder of the defendants received sentences of between 14 and three year in prison, as well as fines. Money in the amount of over 194,300 pesos, hard currency, autos, motorcycles, recorders, and VCR equipment were seized. The defendants can now request appeals in the Provincial People's Tribunal.

Almeida Tours Granma, Meets With EJT Members

FL3101031292 Havana Radio Rebelde Network in Spanish 0000 GMT 31 Jan 92

[Text] Today, Juan Almeida Bosque, commander of the revolution and member of the Communist Party of Cuba Politburo, has stressed that the current situation being experienced by the nation demands work, sacrifice, and discipline. He made this statement during a brief meeting with the members of a Youth Labor Army [EJT] company in Vegueta Larga, a mountain site in Guisa Municipality, Granma Province. During the meeting, Almeida asserted that men have to be disciplined in every task. He pointed out that this is being accomplished by the EJT soldiers in Vegueta Larga four months after joining the socioeconomic development of Granma's mountainous region as part of the goals of the Turquino Plan.

Lieutenant Colonel Fidel Molina, EJT division chief in Granma, explained to Juan Almeida that the soldiers are currently concentrating their effort in caring for the 160 caballerias of coffee planted in the almost five years of work in the mountains of Granma. The EJT soldiers asked Almeida to convey the following message to Commander in Chief Fidel Castro:

[Begin unidentified soldier recording] Greetings to our commander in chief and Raul Castro. We tell them that in these mountains, we will not fail, and will continue ahead in the development of the Turquino Plan. [end recording]

At this time, Commander of the Revolution Juan Almeida Bosque is touring facilities of economic, social, and historical interest in the provincial capital which is located in Bayamo Municipality.

Haiti

Government Disclaims Responsibility for OAS Aid

FL3001184792 Port-au-Prince Radio Metropole in French 1400 GMT 30 Jan 92

[Text] A provisional government communique from the planning minister, dated 29 January, stated in reference to the aid provided to the Haitian people this week by the OAS that it had never requested nor accepted any kind of food or medical assistance from the OAS. Although they are weighed down by an unfair and inhuman embargo, the Haitian people neither beg alms nor expect charity. That is what the planning minister's communique stated.

The statement explained that the aid was offered to local branches of nongovernmental international organizations working in Haiti. In conclusion, the government demands and requires that its rights be respected by its international partners.

Parties Want Investigation Results Made Public

FL3001191192 Port-au-Prince Radio Metropole in French 2055 GMT 29 Jan 92

[Text] Representatives of four political parties, the National Reconstruction Movement; the National Cooperative Action Movement; the Nationalistic and Progressive Revolutionary Party of Haiti; and the National

Agricultural and Industrial Party signed a joint press release today in which they request justice following the 25 January attack:

We are requesting that the government take all necessary measures so the guilty parties can be arrested and tried in compliance with the laws of the Republic. The parties also request that the Armed Forces, the Port-au-Prince Police Department, and their supervisory authorities, out of respect for the Constitution and human rights, make public to Haitian society the results of the investigation announced by Army Headquarters.

Deputies Divided on Senate Resolution

FL3001203292 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 30 Jan 92

[Excerpts] The Chamber of Deputies has rejected both the Senate's resolution to choose three of their colleagues for the continuation of negotiations with the OAS and its eight-day moratorium. According to several deputies, this resolution appears to be restraining. Others think that it could be forthright but that a solution must be reached very quickly with the Haitian parliament. Let us listen to Yves Eriveau for details.

[Begin Eriveau recording] At its 28 January session, the Chamber of Deputies rejected the Senate's resolution asking for a suspension of negotiations between Haiti and the OAS and making arrangements for the Chamber of Deputies to participate in a committee intended to work jointly with the provisional government. This session resulted in a number of discussions among the deputies. Deputy Samuel Madistin and Deputy Joseph Fignole Jean-Louis proposed the Assembly reject the Senate's resolution, which they think is a trap for the Chamber of Deputies and the entire country. [passage omitted]

For his part, Deputy Joseph Lambert proposed a counter resolution to avoid a split in the parliament. In Deputy Lambert's opinion, the country's crisis has become a real challenge between a constitutional decision and a political decision. The deputy said that any decision on the crisis will be a political decision. He added that any objection to Father Jean-Bertrand Aristide's mandate would question his own mandate. [passage omitted]

Deputy Lambert pointed out that whatever solution the Senate might adopt and whatever dialogue or negotiations the upper chamber might intend to initiate without the Chamber of Deputies would be a resolution or dialogue that would never reflect the decision of the Haitian parliament. Several deputies think that delay tactics must end so a solution can be found soon because the crisis has lasted too long and the people cannot suffer any longer. [end recording]

Senate Calls Attack 'Threat Against Democracy'

FL3001212592 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 30 Jan 92

[Text] The Senate calls the attack against Haitian political officials an enormous crime and an immense threat against democracy. According to the Senate, this crime is reminiscent of the insecurity that existed in the country not so long ago. This crime strikes a blow to the Constitution, the freedom of association, the freedom of assembly, and the political parties' right to do their job.

The Senate urges the Haitian Armed Forces to take all necessary measures to shed light on this serious matter, which could have major consequences on the democratic process.

Chamber of Deputies Condemns 'Barbarous Act'

FL3001223092 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 30 Jan 92

[Text] The Chamber of Deputies condemns the barbarous act that lends doubt to the willingness of the police force to maintain order and calm in Haiti. The Chamber urges the concerned authorities to seize their responsibility so light can be shed on the circumstances of the attack that occurred on 25 January on National Reconstruction Movement [MRN] premises. It asks that all initiators, instigators, and accomplices to this macabre incident who have already been identified by the Ministry of Interior and National Defense be arrested and brought before the courts in compliance with the law.

Furthermore, the Chamber of Deputies stipulates to the forces that their mission is to ensure the safety of lives and properties and to take all steps to prevent such deeds from occurring again because they appall the conscientiousness of all citizens in Haiti.

In conclusion, the Chamber of Deputies invites the entire population to remain calm. The Chamber takes this opportunity to remind the population that, in spite of the climate of intimidation and terror prevailing in the country, it will always be equal to all events occurring in Haiti.

Government Announces Forces To Join ONUSAL

PA3001162792 Mexico City Red Nacional 13 Imevision Television in Spanish 1300 GMT 30 Jan 92

[Text] The Mexican Government will participate with other countries in the deployment of a support group to work in various fields in El Salvador. Mexico will thus participate in the United Nations mission in El Salvador, ONUSAL [UN Observers for El Salvador], which will supervise the fulfillment of the peace agreements signed on 16 January.

A communique issued by the Foreign Relations Secretariat states that in the peace agreements signed at the Chapultepec Castle, it was agreed that the current police forces in El Salvador must be dismantled and replaced with a new civil national police. The United Nations has pledged to establish a multinational contingent of policemen, who will supervise fulfillment of the agreement.

The Foreign Relations Secretariat adds that acting on repeated requests from the UN secretary general, President Salinas de Gortari has agreed to send a contingent of selected forces from various Mexican police bodies to join the ONUSAL forces.

Mexico's participation will be limited to a total of 120 individuals for a period ending in October. The Mexican Foreign Relations Secretariat disclosed that the decision to send a contingent to El Salvador to join in supervising the fulfillment of the peace agreements is based on the following points:

1. The success of the peace agreements depends on effective and complete surveillance by the United Nations.

2. The Mexican members of the multinational police force will not be responsible for maintaining public order, will not have weapons, and will not physically participate in police operations.

3. Mexico promoted and supported a negotiated solution in El Salvador, being the peace-loving country that it is and in defense of its own national interests.

4. This is a program of cooperation with the United Nations, and Mexico is participating in response to the express request of the Salvadoran Government and the Farabundo Martin National Liberation Front.

Revolutionary Party Denies Governors' Crisis

PA2901233692 Mexico City Radio ACIR Network in Spanish 1300 GMT 29 Jan 92

[Excerpts] Salvador Neme Castillo on 28 January quit his post as governor of Tabasco State. Neme Castillo said his decision was in response to President Salinas de Gortari's specific request that he cooperate with the Salinas de Gortari administration.

The Tabasco State Congress approved Neme Castillo's resignation by majority vote. The parliamentary group of the Party of the Democratic Revolution [PRD] abstained from voting. The Tabasco Congress deputies agreed to appoint Senator Manuel Urria Ordonez acting governor of Tabasco State. [passage omitted]

Urria Ordonez will be appointed acting governor of Tabasco State on 29 January, when he will be sworn in.

Secretary of Agriculture and Water Resources Carlos Hank Gonzalez swore in Salvador Neme Castillo as the National Livestock Development Commission director.

Neme Castillo is replacing Jorge Rojo Lugo, who was appointed adviser of the Agriculture and Water Resources Secretariat. The new appointments reflect a desire by President Salinas de Gortari to strengthen Mexico's agricultural and livestock sector.

Nine governors in the past six years have already requested leave as a way to resign from their posts. The leadership of the Institutional Revolutionary Party [PRI] denied there is a crisis among the governors. PRI Secretary General Rafael Rodriguez Barrera said the moves make evident the vitality of the country's political system.

The National Action Party congratulated the people of Tabasco over the fall of Neme Castillo. The PRD said this is evidence that the people cannot be governed against their will. [passage omitted]

Salinas Speaks on Drug Control Achievements

PA3001150292 Mexico City Radio ACIR Network in Spanish 0030 GMT 30 Jan 92

[Report by Rosy Awac]

[Text] President Carlos Salinas de Gortari said at a meeting evaluating Mexico's drug control program—applied since 1988 by eight state secretariats—that education plays a basic role in drug prevention and in the rehabilitation of those who have fallen to drugs. He said the goal of this program is to preserve the health of Mexicans, safeguard sovereignty, and strengthen the community's solidarity.

[Begin Salinas recording] Thus we send a very clear message: We are going to reinforce our actions to fight drug trafficking, and we shall be firm and decisive. We are going to double our efforts to reach our goals. We have the decision, resolve, and commitment to do it, and in so doing we will strengthen our country's sovereignty, liberty, and health. [end recording]

President Carlos Salinas de Gortari said drug trafficking is fought on all fronts—drug confiscation, destruction of criminal organizations, and punishment of the guilty. He added that no effort is too great and announced that during the past three years of Mexico's drug control program, about 56,000 hectares of drug plantations were destroyed, and more than 1,500 tons of marijuana and nearly 140 tons of pure cocaine were confiscated.

[Begin Salinas recording, in progress]....50 tons of pure cocaine with a street value twice our country's foreign debt, and over 870 kg of opium. We have also confiscated approximately 10,000 vehicles and over 20,000 weapons. [end recording]

President Carlos Salinas de Gortari said that Mexico is working so drug trafficking does not get a chance to develop in our territory, much less spread among our youth.

Bloc To Fight Drug Trafficking Announced

PA2901140492 Mexico City XHTV Television in Spanish 0200 GMT 29 Jan 92

[Text] Mexican Attorney General Ignacio Morales Lechuga announced on 28 January the creation of a common bloc formed by the United States, the Central American countries, and Mexico to intercept drug shipments coming from South America. He said the struggle against this social cancer will take place by air, sea, and land with full respect for the sovereignty of each country.

Government To Protest U.S. Tuna Embargo

PA2901205292 Mexico City Radio ACIR Network in Spanish 0030 GMT 29 Jan 92

[Text] Addressing the Chamber of Deputies' Foreign Relations Commission, Assistant Foreign Secretary Andres Rosenthal said Mexico does not want to be a member of any bloc or group of countries whose very presence inhibits relations with other regions or nations. That is why Mexico accepts and encourages the economic opening of the world and rejects creating protectionist fortresses. He said Mexico has participated in worldwide changes as an actor and not as a mere spectator.

Rosenthal said in the past year Mexico has reaffirmed its foreign policy—which is based on defending its sovereignty—not as a stubborn anachronism, he explained, but because Mexico has a new image in the world and a new and firmer presence. He also told the legislators that at the GATT meeting in April, Mexico will file a strong protest over the tuna embargo to which it has been subjected by the United States and will request the support of the GATT countries.

Rosenthal added that measures have been adopted to include on the worldwide agenda such topics as environmental protection, drug control, and human rights protection, which are important elements for improving relations among countries.

[Begin Rosenthal recording] Firmly rooted in traditional principles, Mexico's foreign policy contributes to the consolidation of regional and international order based on law. Dialogue, negotiation, and the peaceful solution of controversies aimed at channeling the efforts of countries toward peace and development are not abstract hopes for Mexico, but a deep-seated form of behavior. [end recording]

In conclusion, Rosenthal said that Mexico is promoting its interests throughout the world, in keeping with the current new reality. There are new mechanisms, he said, for dialogue and agreement, but there are also new challenges that require imagination and intelligence if they are to be confronted and overcome.

* New Profeco Local Oversight Committees Cited

92CA0071A Mexico City LA JORNADA in Spanish 20 Dec 91 p 30

[Report by Patricia Munoz Rios]

[Text] The head of the Office of the Federal Attorney for Consumers (Profeco), Alfredo Baranda, yesterday announced the Consumers Organization Program, which will spread all over the country as of next week and whose basic goal is the creation of local committees to defend household income.

In his first formal meeting with the press since he assumed his post, Baranda said that Profeco cannot look after the finances of each of the 80 million consumers in the country, which is why this program has been set up.

He explained that "while Profeco's ability to exercise the authority that the law has conferred on it is not being diminished, alternatives must be sought to protect consumers more efficiently."

The new forms of the domestic market, trade liberalization, the unfettered workings of supply and demand as a mechanism of self-regulation, and the increase in the organizational and participatory potential of society oblige the Office of Attorney General "to review its functions in order to fully achieve its main objective."

Baranda indicated that the Consumers Organization Program would pursue the following objectives:

—To foster a consciousness of solidarity and social involvement so that the problems adversely affecting household income and spending can be tackled collectively.

—To promote the filing of collective complaints about irregularities in the exchange of goods and services, profiteering, and other shortcomings in the marketing of public-sector goods and services.

—To get consumers to help Profeco in inspecting and overseeing the marketplace and prices.

—To determine when supplies of basic goods are needed in the community.

—To lay the groundwork for publicizing and promoting new guidelines for rational consumption.

—To encourage consumer organizations to make bulk purchases of widely consumed goods so as to obtain lower prices.

—To promote campaigns to achieve optimum levels of quality in domestic and imported merchandise.

—To make consumers aware of a law that protects their rights and that they can turn to when these rights are violated.

"In this new stage of its existence," Baranda said, Profeco feels that organizing consumers is a priority in light of the new circumstances surrounding the country's economic, political, and social development.

The aim is not to supplant the individual citizen who may want to demand consumer justice; however, an "association" of consumers will enable preventive rather than punitive measures to be taken.

The plan of action for setting up the program envisions the following stages: making citizens aware that they can organize; advising the groups; broader and better publicizing of market prices, and arranging special credit lines.

Regarding this last point Baranda commented that some thought has even been given to the possibility of issuing credit cards to the committees so that they can make wholesale purchases and get lower prices and additional discounts.

As for the implementation of the program, he contended that already existing organizations would be strengthened and encouraged to spread in organized labor, neighborhood boards in the Federal District and municipalities, autonomous neighborhood organizations, and small-scale commerce.

10 Billion Pesos in Fines Since Pact Was Renewed

Baranda remarked that from 11 November, when the pact was renewed, to date more than 17,000 fines totaling some 10.5 billion pesos have been levied against merchants who have not complied with the agreement.

The Mexican Telephone Company (Telmex) is one of the companies against which consumers have filed the most complaints, particularly because of rate increases, "which are being looked into." There have also been many complaints about milk distributors, pharmacies, and traditional lines of business at Christmas time such as grocery stores; as a result, they have been assessed fines and other penalties.

Baranda hinted that there are plans to review the Federal Consumer Law "to see whether it has to be touched up, adapted" to the new conditions on the market.

Costa Rica

Foreign Minister: Cuban Execution 'Unacceptable'

PA2901172992 San Jose LA NACION in Spanish 22 Jan 92 p 3

[Text] Foreign Minister Bernd Niehaus on 21 January condemned the 20 January execution of the anti-Castro Cuban Eduardo Diaz Betancourt, who was charged with illegally entering Cuba to carry out terrorist acts.

Dr. Niehaus called this measure "unacceptable" and stressed that it should be condemned by all governments.

Niehaus insisted that there must be an "absolute change" in the Cuban Government regime if Cuba wishes to integrate with the American Continent because the regime encourages violations of man's elemental and sacred rights.

"This act is a sample of the suffering this country's population is going through," Niehaus said.

President Suspends Collective Bargaining Laws

PA3001143492 San Jose LA REPUBLICA in Spanish 24 Jan 92 p2A

[Article by Karen Asch and Angela Orozco]

[Text] Collective bargaining agreements in state institutions and enterprises that regulate labor-management relations were eliminated from the labor laws in accordance with a presidential decree that went into force on 22 January when it was published in the official LA GACETA.

The new guideline recognized the validity of the agreements signed before the enactment of the General Law on Public Administration and the law creating the Budget Authority, but stipulated that they will only be in force for one more period without modifications or amendments.

The decree stated that the Budget Authority Technical Secretariat must grant any extensions. Once the extension period concludes, the agreement will expire.

The promulgation of this new labor guideline surprised union leaders, as well as Labor Minister Carlos Monge Rodriguez, who noted that the decree was not the work of his ministry. He said he learned about it when he saw it published in LA GACETA.

The labor minister felt it was not proper for the Budget Authority to make decisions on collective bargaining agreements, because that is a matter that falls within the purview of the Labor Ministry.

He said that although the Labor Ministry must coordinate the government's policy in this field with other entities, the Finance Ministry included, labor matters are very specific and must be viewed within the context of the labor laws and not as fiscal measures.

Monge admitted that the decree does not agree with the Constitution, the Labor Code, the International Labor Organization (ILO), and the commitment made by the country during the last meeting of labor ministers of Central America, Belize, and Panama to ensure respect and enforce collective bargaining agreements.

"Costa Rica's labor legislation supports pacts between workers and management, and Costa Rica must abide by and respect the commitments it has made with the ILO. I am not going to move away from that stance," Monge warned.

The official felt that the decree must be modified and announced that he had met with Presidency Minister Rolando Lacle and the two agreed to invite the unions to a meeting on 27 January at 1400 to analyze this matter.

When President Rafael Angel Calderon Fournier was asked to explain the urgency to establish the new legal guideline with a decree, considering that the Legislative Assembly is discussing a bill with the same objective, the president declined to answer and suggested we ask the finance minister.

LA REPUBLICA tried to contact Finance Minister Rodolfo Mendez Mata, but his staff said he was meeting a visiting IMF delegation and would not come to his office during the day.

El Salvador

Assembly Ratifies Armed Forces Reforms

PA3101040392 San Salvador Canal Doce Television in Spanish 0300 GMT 31 Jan 92

[Text] On the night of 30 January, the Legislative Assembly unanimously ratified the constitutional reforms related to the Armed Forces. Thus it has completed the constitutional modification process initiated last year within the framework of the peace agreements. The Legislative Branch is also expected to approve the National Commission for the Consolidation of Peace law on 30 January.

Earlier, the Legislative Assembly ratified the last nine articles of the constitutional reforms. Given the events that preceded this approval, these were the most difficult articles to enact. The majority of members of the diplomatic corps accredited to our country was present at the event, and although everything was reduced to a simple formal procedure, each political party stated its position on the reforms. They all agreed that this event is very significant for the country.

Approves Copaz Law

PA3101044492 Panama City ACAN in Spanish 0405 GMT 31 Jan 92

[Text] San Salvador, 30 Jan (ACAN-EFE)—The Salvadoran Legislative Assembly approved on the eve of 30 January the law creating the National Commission for

the Consolidation of Peace (Copaz), the organization that will oversee the fulfillment of the peace agreements signed on 16 January between this nation's government and its guerrillas.

Copaz, formed by representatives of the government, the Farabundo Marti National Liberation Front (FMLN), and the political parties represented at the Legislative Assembly will begin its tasks on 1 February, the date the definite cease-fire will begin.

Copaz will also count on the participation of San Salvador Archbishop Arturo Rivera y Damas and a delegate from the UN Observers Mission for El Salvador (ONUSAL), who will act as observers.

The Legislative Assembly approved the law by 70 out of 84 votes at 2145 (0345 GMT).

The creation of Copaz was agreed on by the government and the FMLN in September during peace negotiations held at UN Headquarters in New York.

Cristiani on Peace Agreements, Amnesty Law

PA3001135792 San Salvador Canal Doce Television in Spanish 0300 GMT 30 Jan 92

[Text] President Alfredo Cristiani was greeted by the entire diplomatic corps accredited in El Salvador during a news conference at a ceremony on 29 January. Cristiani said the peace agreements are being executed normally and in accordance with the schedule agreed upon with the Farabundo Marti National Liberation Front. The president added that he is pleased with the agreements that resulted from the negotiations, agreeing on this point with U.S. Ambassador William Walker. Cristiani said so far there have been no obstacles in the way of the agreements reached at the United Nations.

[Begin Cristiani recording] We have fulfilled the agreements within the established deadlines. You must remember that many of the agreements are not intended to be fulfilled at once, in a single day. This is the beginning of the implementation, and everything is going well so far. We are on schedule. [end recording]

Once again the president was asked about the amnesty law, which has been described as a national reconciliation law, and about the cases it will not cover.

[Begin Cristiani recording] It may be necessary to interpret certain situations; that would be up to the Assembly. I believe that crimes such as the murder of the American pilots, the Zona Rosa case, and others must be dealt with by the Truth Commission. I do not see how this can be avoided. The exclusions outlined by the Assembly are the cases described by the Truth Commission as important incidents that have affected or shocked Salvadoran society. [end recording]

Defense Attorneys Appeal Verdict in Jesuit Case

PA3001235292 San Salvador Radio Cadena YSKL in Spanish 1730 GMT 30 Jan 92

[Report by Edwin Gongora]

[Text] On 30 January defense attorneys in the Jesuit case filed an appeal at the Fourth Penal Court against the verdict sentencing Colonel Alfredo Benavides and Lieutenant Yussi Mendoza to serve 30 years in prison.

Dr. Carlos Mendez Flores, one of the defense attorneys, told the media that the grounds for filing such an appeal are the existing rulings within the process. He added that, if necessary, the defense attorneys will file or make use of more appeals.

[Begin Mendez recording] We have just filed an appeal, and we will explain our position during the hearing.

We insist and reiterate that there are faults in this process that have prompted us to file an appeal. We will make use of every legal instrument at hand to appeal this verdict.

To support our appeal, we will focus on such factors as jurisdiction and lack of evidence. Those will be the bases for this appeal. If necessary, we will appear before the highest bodies of law. [end recording]

Regarding the amnesty law that was recently approved by the Legislative Assembly, Dr. Mendez stated it is a partial law because it excludes certain cases, despite the fact that, according to its interpretation, amnesty is irrevocable once it goes into effect.

[Begin Mendez recording] We do not consider the amnesty law fair because it is incomplete. When some cases are in fact excluded, it is obviously a partial law. To be a fair law, it must be a general law. If we are going to make distinctions, this law cannot be considered fair.

We reiterate that it would be convenient for the professional associations to issue their views on the subject.

I heard an official say this is a conditional amnesty. There cannot be such a thing as a conditional amnesty. I absolutely disagree with such a concept. The amnesty should be irrevocable, and it should grant an absolute and total pardon. Once it goes into effect, there cannot be discrimination. This is the rationale behind the exception, which permits pardons for other crimes or processes that may follow. [end recording]

Dr. Mendez explained that the exclusion of the Jesuit case from the amnesty law is due to guidelines received from abroad, which reveal the weakness of our judicial system.

Defense Minister Reveals Plan To Curb Crime

PA3001163892 San Salvador Canal Doce Television in Spanish 0300 GMT 30 Jan 92

[Text] The crime wave in San Salvador and nearby neighborhoods has increased over the past few days. This problem will be drastically diminished through the efforts of all of the security corps, according to disclosures made on 29 January by Defense Minister General Rene Emilio Ponce.

[Begin Ponce recording] I have met with the general directors of the security groups. As of 29 January—and it may be a good thing for all of you to confirm this, especially in the capital city—we will intensify the activities of the security corps within the context of the Confidence 92 plan, which is a specific effort to counteract the increased number of common crimes reported over the past few days.

[Unidentified reporter] Are all of the security corps involved?

[Ponce] All of the security corps.

[Reporter] Approximately how many men are involved?

[Ponce] I cannot disclose the true numbers, but the security forces have been substantially increased in all areas where there have been repeated criminal activities. [end recording]

On 29 January, the presence of policemen was indeed noticeable in parks and at certain bus stops, where their mission is to ensure the safety of honest citizens.

Gen. Ponce was also asked about the meetings held by the technical commissions involved in the demobilization program.

[Begin Ponce recording] Representatives from the Farabundo Marti National Liberation Front, Armed Forces, and UN Observers for El Salvador are establishing mechanisms for the separation of forces, the first phase of which will be to end the armed uprisings. Their work is going very well. I believe there has been a mutual understanding and that they are on the right path. [end recording]

Ponce dismissed as pure speculation the allegations that some groups in the Army are dissatisfied with the agreements. He said the Armed Forces are certain that they have responded both to the hopes of the entire nation and to the nation's need for peace.

Guatemala

Serrano on URNG Guerrillas, Negotiations

PA3101021892 Guatemala City Teleonce Television in Spanish 0340 GMT 30 Jan 92

[Text] The government has asked the Guatemalan National Revolutionary Unity (URNG) to specify its overall demands to expedite a peace accord. If this request is accepted, the government is willing to respond to the URNG counterproposal two weeks later, President Jorge Serrano Elias said on 29 January in an interview during a ceremony marking the anniversary of the Presidential Guard.

[Begin Serrano recording] I would really like to go and meet with them tomorrow. I say this from the bottom of my heart. Regrettably, we do not understand the logic behind the URNG. We do not understand why they come to the negotiating table to make proposals and counterproposals on issues that were already discussed and that we opposed. We do not understand why they make proposals on issues that have already been agreed on.

They have made proposals that focus on the form rather than on the substance of the accords. This has unnecessarily delayed the negotiations.

We have proposed that the rebels make an overall proposal to the government in the short term. If they do so, we pledge to respond to their proposal in 15 days and to begin an uninterrupted round of negotiations until we can attain peace. We cannot offer more. We are determined and interested in working in that direction. We have reiterated many times our desire for peace. If the other party does not understand, what can we do? [end recording]

Rebels Attack Police Stations, Seize Weapons

PA2801164992 Guatemala City EL GRAFICO in Spanish 26 Jan 92 p 5

[Text] Guatemala City, 26 Jan—Guatemalan National Revolutionary Unity [URNG] guerrillas have seized the towns of La Gomera and La Democracia in Escuintla Department. Once there, they held meetings with the people and then attacked local police stations, stealing arms and ammunition.

It was reported on 25 January in this capital that the guerrillas also attacked a vehicle transporting cash and seized the money, as well as the guards' weapons.

The guerrillas held rallies at which they said that to secure peace, it is necessary to eliminate the country's security corps and the Civil Self-Defense Patrols.

On 24 January, Defense Minister General Domingo Garcia said the Guatemalan guerrillas are not an important force and the Army has the capability to fight them.

The minister said the armed groups try to remain active to justify their existence, but they are not prepared to fight.

On 24 January, the Army defused bombs that had been placed in a Zone 13 sector. The authorities found some URNG banners also. This took place at a time when the Guatemalan Government and the guerrilla command were holding negotiations in Mexico.

Peten Arsenal Possibly From Salvadoran Rebels

PA3001153592 Panama City ACAN in Spanish 2258 GMT 29 Jan 92

[Text] Guatemala City, 29 Jan (ACAN-EFE)—On 29 January the Guatemalan Army reported it had seized an arsenal in the northern Peten Department and did not reject the possibility that Salvadoran guerrillas could be selling weapons to Guatemalan rebels.

Armed Forces spokesman Captain Alberto Yon Rivera stated that authorities seized several new weapons during the operation held on 27 January. He added that these weapons "had never been seen" in the country previously, but had been used in other Central American countries.

Yon Rivera listed and showed the weapons to reporters: one AR-15 rifle from an undetermined country; four Soviet AK-47 rifles; two KH-91 rifles, one made in the United States and the other in Germany; one Chinese RPG-2 rocket launcher; and one Soviet machine gun.

The Armed Forces believe there is a possibility that the arsenal belonged to the Salvadoran Farabundo Marti National Liberation Front rebels, who signed a peace agreement with President Alfredo Cristiani's government on 16 January.

The officer reported that the weapons had been found in a cache at an abandoned guerrilla camp and added that nobody had been arrested during the operation.

The military spokesman added that the Army has increased its surveillance of the border area with El Salvador to stop gunrunning.

"We must keep in mind that the Guatemalan guerrillas continue to have international support. The fact the weapons are almost brand new is proof of that," Yon said.

The Guatemalan Air Force, Navy, and Army are implementing more control over border areas to stop weapons from entering the country, he emphasized.

In April 1991, the Guatemalan Government and guerrillas started peace talks to end the 30-year war, which has caused more than 100,000 deaths. According to international humanitarian organizations, however, these talks have not advanced.

For more than a year and up to 15 January 1992, the UN Observer Group in Central America (Onuca) had been in charge of surveillance in the region to stop gunrunning on Central American borders. The Onuca troops have now been transferred to El Salvador to verify the implementation of the cease-fire, which is to begin on 1 February.

PRC Fishing Boat Intercepted in Pacific

PA3001134392 Guatemala City, SIGLO VEINTIUNO in Spanish 29 Jan 92 p 3

[Text] A fishing boat bearing registration number 701, flying a PRC flag, and carrying 21 crew members and 116 passengers of that same nationality was intercepted on 28 January by the Coast Guard while navigating in Pacific territorial waters, the Army Information and Press Department [DIDE] reported on 28 January.

The DIDE added that the ship Sheng Long, commanded by Chen Sue-bin, "was navigating suspiciously, without prior authorization; therefore, it was boarded. We found 21 crew members, eight women, and 108 men on board."

The military source noted that an additional 35 men and eight women of the same origin, as well as three "coyotes" [persons engaged in the trafficking of illegal aliens] were arrested on land. Authorities suspect that these people were also linked to the intercepted boat, thus making it a total of 180 foreigners detained.

The DIDE pointed out that the three coyotes had 20,000 quetzales, which are believed to be "part of the pay off." Therefore, the 180 persons detained were placed under the orders of a court in Coatepeque, Quetzaltenango, which in turn informed the Immigration Department of the jurisdiction.

To conclude, the DIDE report noted that the fishing boat was towed to the Pacific naval base in Puerto Quetzal, Escuintla. Specific legal procedure will be applied by the judicial and immigration authorities in this case.

Honduras

Callejas, Belize's Price on Regional Integration

PA3001221092 Tegucigalpa EL HERALDO in Spanish 30 Jan 92 p 34

[Text] President Rafael Leonardo Callejas and Belizean Prime Minister George Price on 29 January described their two-day meeting as satisfactory. They also highlighted the importance of strengthening the regional integration process.

Price will leave at 0800 on 30 January for San Pedro Sula to participate in the First Ministerial Conference of Central America and the Caribbean.

Belize obtained its independence from Great Britain on 21 September 1981, but it was not until 1989 that Guatemala recognized its legal status.

President Callejas said the Belizean prime minister's visit was "highly satisfactory" to his government because the ratification of the joint declaration further strengthens ties between the two nations.

Callejas announced he is willing to contribute the funds required to build the highway between Puerto Cortes and

Puerto Barrios (Guatemala) but explained that the project is subject, logically, to the approval of the neighboring country.

To achieve this goal, he explained, Honduras and Guatemala will file for a joint loan at the Central American Bank of Economic Integration (BCIE). Since the design for the Honduran side of the highway has already been prepared, it is possible that construction may begin this year.

"I would say that within a year Honduras and Guatemala should have made the pertinent decisions." The president explained that a bridge over Rio Montagua has not yet been designed, and he believes that its construction will be expensive because of its size.

Callejas spoke in these terms about Guatemala because of that country's proximity to Belize.

Regarding Belize, Callejas said trade between the two nations is minimal so they should seek greater commercial rapprochement as a step toward improving their relations in other areas.

Price said his country is interested in strengthening its ties in the region to "endure the winds that are beating down on the world these days" and to improve the standard of living of our peoples.

Price explained that Belize is a member of the Caribbean Common Market (Caricom) but, he added, we left a clause open whereby Belize can maintain relations with Central America, which is to both communities' advantage.

"Evidence of this is the San Pedro Sula conference" of the region's foreign ministers, who are seeking greater rapprochement among their nations, he stressed.

According to Price, Belize has already begun to overcome its phase of isolation from the region, thanks to education, information, and movement that has helped the country overcome obstacles.

He said the Central American governments should now decide to "work harder and draw closer to one another."

The visitor described his host's effort toward regional integration as "very important" to the extent that it has been a great help to his country in integrating with the region.

Nicaragua

Report on Recontra-Recompa Fighting 26-29 Jan

PA3101005892

[Editorial Report] The following is a compilation of reports monitored from 26 to 29 January on fighting between recontra and recompa forces in Nicaragua.

Managua BARRICADA in Spanish on 26 January carries a 500-word report on pages 1 and 12 on recontra attacks carried out early 25 January on the Fidel Ventura Hospital and the Sandinist People's Army, EPS, garrison in Waslala, Matagalpa Department. Citing Army and Government Ministry sources, the report indicates the recontras "cruelly assassinated Hospital Director Dr. Martin Condega." Three patients evacuated from the hospital after the attack also died. The contra group was led by Rudy Zelaya, alias "Douglas," and two unidentified commanders known as "Charrito" and "Williams," alleged members of the group headed by Francisco Baldivia, alias Commander "Dimas."

Managua Radio Catolica in Spanish at 1100 GMT on 29 January airs a two-minute report by Novis Rosales on a clash between recontras and recompas on the afternoon of 28 January in Zinica, located several kilometers from Waslala, Matagalpa Department. According to the report, two recontras were killed in an ambush set by the recompas. In addition, the recompas kidnapped many local residents. Rosales adds that the "situation in Zinica is difficult because recontras 'Charrito,' 'Douglas,' and 'Camaneca' fled here because the EPS and the recompas are fighting them."

Sandinist Army Announces 'Military Offensive'

PA3101042692 Managua BARRICADA in Spanish 30 Jan 92 pp 1, 8

[Article by Guillermo Cortes Dominguez]

[Text] Waslala, Matagalpa—After a brief recess since the silencing of the counterrevolutionary guns in June 1991, the constitutional weapons have again been taken up to put down the rearmed rebels who do not want to demobilize.

Lieutenant Colonel Rodrigo Gonzales, head of the 6th Region of the Sandinist People's Army (EPS), on 29 January announced that a military offensive is being prepared against those whom he called "vandalistic recontra groups."

In Chilamate and Dudu, a military detachment is courageously chasing the murderers of the Waslala Hospital doctor. Another operation is unfolding in the Rio Blanco and Matiguas sectors, where the aforementioned groups also recently committed crimes.

Two battalions, at least six detachments, and an undetermined number of units are engaged in the regional military operation. If necessary, special troops in Managua will also participate in the operation.

Nevertheless, Gonzalez noted that his political efforts will continue with those whom he called "pro-dialogue recontra groups," the majority of which are in Jinotega. In Matagalpa this is not the case, where he admitted that rebel activity had been stepped up.

The EPS has its sights fixed on the recontras led by Douglas [Rudy Zelaya] and Aguilita [not further identified], who are responsible for the murders in Waslala and Matiguas. According to Gonzalez, the EPS does not

support negotiating with these criminals nor with the recompas who killed the policemen in Wiwili.

Gonzalez said that the 6th Military Command of the EPS had received orders from the High Command to go after, capture, and turn over to the National Police the rebels involved in atrocities and "confront" them if they put up resistance.

At the last minute, the Army—awaiting the results of the negotiations—suspended actions against contra "Camaneca" [not further identified], because he participated in the 28 January meeting held with government officials in Mitigua together with "320" and "Matagalpa."

Recompa leader "Richard" also participated in this meeting and, as a sign of goodwill, turned over seven recontras who had been captured in combat.

The EPS military operations were timidly reinitiated in December to safeguard transport of the coffee harvest from the territory between Jinotega and Matagalpa. However, it was not until January that the "operation reached its peak," the military leader said.

The EPS will be engaged in a 13-month military campaign to neutralize rebels who reject the peace process. At the end of this period, the actions will be assessed and new strategies will be drawn up until the rearmed groups are eliminated.

Last year, on two occasions, the High Command decided to militarily confront "Indomable" [Jose Angel Moron Flores]. However, operations were suspended at the last minute by presidential orders intended to avoid all military confrontations until the negotiated solution had been exhausted.

Gonzalez explained that in this last phase of the negotiation, in which 487 rebels have been demobilized, the dissuasive presence of well-armed EPS contingents in areas where the rearmed groups mobilize has been decisive.

The 6th Military command has currently deployed its forces in strategic areas in Jinotega and Matagalpa, sending one battalion to Wiwili, another to Matiguas, and detachments to Rio Blanco, San Rafael del Norte, Waslala, La Dalia, Pantasma, and El Cua, as well as other military units to diverse points in the region.

In Matagalpa, approximately 300 contras operate under new leadership: Naval, Charro-Noriel Douglas, Paladino, Dragon-320, Pinares-Pantera, Camaneca-Matagalpa, Pablo-Waleter, Aguilita, and Douglas.

In Jinotega, approximately 200 recontras remain under the orders of Dimas, Cinco Pinos, Guapote-Chele Rafael, Pocoyo, and Tono, as well as Indomable-Estrella.

There are 200 recompas in Matagalpa and 300 in Jinotega under the command of the following leaders: Richard-Ramiro, Leonel-Sebastian, Raul, Damian-Zinica, El Conejo, Agateyte, Agurcia, Isaac, Fidelon, Bronson, and Santos Herrera.

December was a month of great concern for the regional military command, as it was then that anarchy reached its highest levels. Rearmed groups were roaming cities such as Esteli and Jinotega and other towns such as San Ramon. Due to this situation, and after the ambush staged on the recontras "Commanders' Council," the EPS reinforced its presence in the region.

Lt. Col. Gonzalez was adamant: The order is to fight those who do not want to lay down their weapons.

Panama

PDC Differences With Endara Explained

PA3001231892 Panama City LA ESTRELLA DE PANAMA in Spanish 30 Jan 92 p a5

[Article by James Aparicio: "Conspiracies and Couterintelligence in the Palace"]

[Text] There have been renewed fears in the corridors and offices of the Palace of the Herons of the possibility of a trial against President Guillermo Endara, instigated by the former ally but current opposition Christian Democratic Party (PDC), along with threats of subversion and generalized discontent among members of the Public Force.

Following the PDC's expulsion from the government in 1991, Endara's main strategists, such as analysts of former minister Menalco Solis' secret police, have warned the Arnulfist president of the threats that have been discovered.

Different intelligence sources have disclosed that, in view of the PDC charge, Endara is fostering constitutional reforms [constituyente] that will weaken Ricardo Arias Calderon's party's [the PDC] power in the Legislative Assembly.

Amid these squabbles, Endara's political project seems to be destined to survive until 1994, protected by constitutional order and an alliance of temporary interests with MOLIRENA [Nationalist Liberal Republican Movement], while talks are under way to unify the various Arnulfist forces throughout the country.

That is one of the reasons Endara has an elite 600-man force to guard the presidential palace 24 hours a day, as well as a sophisticated espionage system used to tap phones and tail members of the opposition.

In the dangerous game of holding on to power by neutralizing a supposed PDC conspiracy on the one side and a seditious conspiracy on the other, U.S. politicians and the Southern Command play a key role in keeping Endara in power.

Political analysts say that the first point of contention between Endara and the PDC has been control of the Public Force.

Other situations that Endara, Solis, and the Arnulfist leaders fear, according to the president's aides, are: splitting with MOLIRENA before 1994, an internal police uprising, or an armed attack headed by former 2000, UESAT [Special Antiterror Service Unit], and Macho de Monte elite battalion members.

A report disclosed by the Public Force director at a meeting with the country's security organization chiefs reveals that one third of the policemen supports the current regime, another third is undecided, and the remaining third is against it.

Fernando Quesada, Aristides Valdonedo, Luis Carlos Samudio, Humberto Macea, and Milton Castillo are the names of some of the officers close to the PDC who were involved in the 16 March 1988 uprising and who are repeatedly mentioned in political circles as "influential people" in the Public Force.

Together these elements have instilled fear in the Arnulfist rulers who now intend to smooth out old grievances with former fellow party members who are now enrolled in the Authentic Panamenist Party and the Doctrinaire Panamenist Party.

Endara, according to sources that have been consulted, does not rule out a concerted agreement with the opposition Democratic Revolutionary Party [PRD], which would include freeing political prisoners and an end to the reported judicial persecution.

This arrangement would pave the way for Endara to topple the PDC, annul a possible Legislative Assembly trial against him, and call for National Assembly constitutional reforms that would allow him to remain a resident in the Palace of the Herons.

Another Endara-instigated ploy has to do with a lawsuit by the PRD president against First Vice President Ricardo Arias Calderon for collecting a salary without doing the work for which he was elected.

While Arias and the principal PDC leaders have stopped questioning the behavior of Attorney General Rogelio Cruz, Gonzalez' charge has raised various questions among the PDC youth about the behavior of their eternal leader.

If we put the pieces of this puzzle together, we will be able to understand the complexities of the struggle for power among Panama's high echelons.

Espionage, conspiracy, sedition, fraud, and betrayal are the day-to-day norms that most Panamanians cannot imagine are taking place inside and outside the Palace of the Herons.

We have not even begun to speak of the DEA, CIA, and the U.S. Army Southern Command's 470th Intelligence Brigade—which are all active in this web.

Endara Falls Ill at 'Fuertes Caminos 92' Event

PA3101023392 Panama City Circuito RPC Television in Spanish 2300 GMT 30 Jan 92

[Report by Fernando Kant]

[Text] The U.S. Southern Command stationed in Panama and squads from the Health, Public Works, and Education Ministries on 30 January kicked off the "Fuertes Caminos 92" program at a ceremony held in Montijo, Veraguas Province. President Guillermo Endara was on hand to preside over the ceremony. He was accompanied by Public Works Minister Antonio Arias and Education Minister Marco Alarcon. The ceremony was also attended by the U.S. Embassy's Deputy Chief of Mission David Beall, representing Ambassador Deane Hinton, and General George Joulwan of the U.S. Southern Command.

The "Fuertes Caminos 92" program seeks to repair or build 24 clinics, eight bridges, 10 roads, and 50 schools all over the country, and one jetty in Darien Province. Water wells will also be drilled. The program includes medical and veterinary assistance to benefit people in the country's interior.

Not everything went smoothly during the ceremony. A small group of local residents and Panama University students picketed the area where the main event was held. They were immediately surrounded by supporters of the program. The situation grew heated and the demonstrators were forcibly removed after the mayor of Montijo personally ordered them out.

Afterward, while the Republic Band played the national anthem, the president became mildly indisposed and had to sit down. A communique issued by the Presidential Palace Press Office stated the president's blood sugar level dropped due to the suffocating heat and the extended duration of the ceremony. For that reason, he got into his car and drove past the ongoing demonstration.

Church Rejects U.S. Providing Carnival Security

PA3101022992 Panama City PANORAMA CATOLICO in Spanish 26 Jan 92 p 14

[Editorial: "A Rectification Is in Order"]

[Text] The organizing committee for the 1992 Carnival, which is to be called The Festivities of the Races [Fiesta de Razas], has announced its program for the festivities. Many citizens were astonished when they read the program, especially the point on security during the carnival parades. According to the program, the U.S. Southern Command will coordinate action to ensure security during the festivities, and the Public Force, the Technical Judicial Police, and the Fire Department will be subordinate to the Southern Command.

We do not know who suggested such a thing, but if what the program says is true, it would be a flagrant offense to

our national sovereignty and to the Panamanian authorities. The National Government and the appropriate authorities must take immediate action against such an outrage if it has been committed intentionally.

The country cannot allow a foreign government to be given authority over a task that is the responsibility of the national police. It is best to suspend the carnival if there is fear for the security of the U.S. community, which supposedly would participate. It is best to suspend the festivities rather than commit a crime against the fatherland. There is still time to correct the situation and, for the good of all concerned, it is best to do so as soon as possible.

Daily on Allegations Following EPASA Incident

PA3001220992 Panama City EL PANAMA AMERICA in Spanish 30 Jan 92 p 4

["Hidden Truths" column by Tomas A. Cabal]

[Text] A note dated 27 January 1992 and allegedly signed by the 20 December Movement [M-20] and the Torrijist National Liberation Front blames the president of the Republic for the 25 January attack against the Panama America Publishing House, Inc. [EPASA].

According to the note, "Menalco Solis, Toty Bares, Miguel Batista, and two high-ranking officers of the Public Force—one called Falcon and the other Nieto—took part in the action." The note also states that the terrorist action "was carried out by a group of paramilitary types trained in Colombia (Lanceros) who are at the service of the Presidency of the Republic."

According to the alleged authors of the communique, "the media are our best allies because thanks to them the people are learning about us and understanding our struggle."

As stated in this column on 28 January, there are many unanswered questions as to who the authors of the attack against EPASA are. The key question remains: Who will benefit from the silence of this member of the media?

Obviously, the enemies of the truth, inside and outside the democratic government, would most benefit from the closing or destruction of EPASA. Of course, the M-20 terrorists could also have been responsible for the attack, and then falsely accused the president and other government officials to confuse the people and take advantage of the situation. However, there are still many unanswered questions, such as the one related to a National Police lieutenant who rushed to prepare a report saying that a short circuit or some electrical defect was the cause of the fire that almost destroyed EPASA on 25 January.

There should be an official investigation of the officers Falcon and Nieto. Most important of all, Menalco Solis should be removed from the sensitive position he holds because, as a public official, he does not offer the people any guarantees that might help stop the wave of terrorism that is affecting the country's normal activities.

Our colleague Guillermo Sanchez of LA PRENSA has said that Solis was responsible for intimidating Yvette Torres of the DEA for her investigation of the criminal Falcon-Magluta organization in which Hernan Delgado y Guevara is involved.

The local espionage chief has sued the popular columnist for slander, taking advantage of the same pro-Noriega laws that are an insult to freedom of press and that the authorities have tried to use to intimidate the media.

Hernan Delgado has filed a slander suit against me for the reports on the Falcon-Magluta case that I have done from Miami, as if that could intimidate me or halt U.S. justice. The Falcon-Magluta case will go to court in October in Miami, with Frank Rubino leading the team of five lawyers who represent the narcotics traffickers. As a result of his friendship with Noriega, Rubino has sufficient material to sink Delgado. In Miami, Rubino has publicly said: "Too bad if the Falcon and Magluta case destabilizes the Endara Government...Delgado and Endara should know that I will attack them to defend my clients."

We do not believe that the president, Toty Bares, or Miguel Batista are behind the attack against EPASA. We cannot vouch for the M-20 note, either. Nonetheless, we do know that with pro-Noriega officials directing such sensitive offices as the Council for Public Security and National Defense, the reputation of the Guillermo Endara government will always be questioned. Several months ago Menalco Solis presented his resignation, but the president did not accept it.

For the sake of the country and the tranquillity of the people, Menalco Solis should be replaced immediately by a qualified citizen who is trustworthy and can conduct the public security work that the Panamanian people demand.

Argentina

* Eduardo Menem Discusses Constitutional Reform

92SM0219B Buenos Aires SOMOS in Spanish
23 Dec 91 pp 32-34

[Interview with Senator Eduardo Menem by Alfredo Leuco: "I Have No Excessive Ambitions;" place and date not given]

[Text] [Leuco] Let me start with a trick question for you. Do you support constitutional reform allowing a president to be reelected?

[Menem] A trick question?

[Leuco] Yes. If you say yes, you would be making a revelation about a delicate issue on which the government has so far maintained a low profile and a certain amount of reserve; if you say no, many people may think you want to put your brother out of the running to favor your own chances.

[Menem] There are many factors to consider. I am answering you in all sincerity. If you ask me if I am working politically to become a candidate in 1995, I will tell you no. But if you then ask me if I totally reject that possibility, I will answer no, I do not.

[Leuco] And what about the reform?

[Menem] I have always supported the reform. Peronism has always been pro-reform, as shown by the 1949 Constitution, which was one of the most advanced. When the radicals called for reform, I accepted that and took part in all the meetings as one of the representatives from the Justicialist Party.

[Leuco] And what finally happened?

[Menem] We reached agreement on about 90 percent of the issues to be reformed. We just did not agree on the system of government. But there was never any doubt about the need for reform. I thought the same way when I was in the opposition as I do now. I even said that from no point of view could we deny Alfonsin the opportunity to run for reelection. And I said that during the days of his greatest popularity.

[Leuco] Please forgive my insistence, but would you approve a plebiscite to reform only the constitutional articles relating to reelection?

[Menem] I think the reform involves much more than the reelection issue. If the plan is just to to allow reelection, then I would say no right now. For example, changing the electoral system is much more important than the reelection issue. Eliminating the electoral college problem, which has created so many difficulties for us, shortening a number of terms, like senatorial terms, improving the regulations governing parliamentary operations, and so on.

The speaker is Eduardo Menem. He came to the SOMOS interview after a great deal of persistence on our part. It is not that he shrinks from publicity, though he is not a politician who seeks the limelight. But he will not capriciously refuse interviews. He was concerned about avoiding misinterpretations of his brief stay in this chair which at one time belonged to Rivadavia and which now, at least until 1995, belongs to his brother Carlos Saul Menem. The interview was conducted during his term as [acting] president, while Carlos Menem was outside Argentina. The press photograph was of the temporary occupant of this chair, beyond suspicion. We will have to get used to seeing it there. President Menem's 1992 travel schedule is quite busy, including trips to Japan, the United States, and a number of other foreign visits.

The telephone rings and after the interruption, Senator Eduardo Menem comments:

[Menem] Lole (Reutemann) called to say hello. He is a good friend; I have been with him since the start of his campaign. He does not know where the seals are kept; he feels a little strange. That happens to all of us when we start a new job. Reutemann is fairly cautions and knows the problems of the province well. I like his style, as he is very rational.

[Leuco] And Bordon? He just left your office....

[Menem] He came in to say goodbye before his trip to the United States.

[Leuco] You seemed quite irritated when the radicals criticized you for not wanting to call elections to fill the vice presidential vacancy. You became very heated defending your right to succeed the president when he is away on a trip....

[Menem] If I am going to be restricted in my functions because I am the president's brother, that is unfair. It would be nepotism if I were where I am because I am the president's brother. But I assumed the provisional presidency of the Senate before Carlos became president. I was elected and reelected by acclamation. All the senators voted for me: the Peronists, radicals, and provincials. It is unfair to emphasize the relationship. I am here because I am president of the Senate, not because I am the president's brother.

[Leuco] In Ezeiza, during the transfer of power, the president embraced you quite warmly. What did he say to you in private? Were you thinking of the children of Syrian immigrants in Anillaco who climbed to the heart of power?

[Menem] I have always valued the nonexistence of racial discrimination as one of this country's great virtues. The fact that a son of an immigrant street vendor can become president of the nation is a symbol of freedom and democracy.

[Leuco] But did your brother wish you luck or make some sort of recommendation to you?

[Menem] The same luck we always wish each other when one of us travels or begins something new. Carlos is very affectionate. But recommendations, no. I think they would have been unnecessary, as I know the issues and am perfectly familiar with the ins and outs of power. I know how Carlos thinks and even how he looks when he does not like something.

[Leuco] But do you share everything with your brother? Is there nothing which you argue about?

[Menem] Please...we do have disagreements. Our thinking is not automatic. We agree on the essentials and so differences in nuance, far from separating us, bring us even closer. I would feel very badly if I did not express my different ideas on some issues or if I did not warn him about some danger.

[Leuco] And your habits are quite different, right? You like sports. Do you play anything or are you just a spectator?

[Menem] I play, though I do not have enough time. I have always played soccer and basketball, more than anything else. I started, like Carlos, in the Colegiales Club. Then he went to the Facundo. Colegiales was the pioneer in basketball in La Rioja—like Alumni in national soccer. The two world basketball champions who were born in our province played there: Pedro Bustos in 1955 in Luna Park and Negro Martinez, the university champion.

[Leuco] And now?

[Menem] I played on the basketball team while I was in law school in the province. Now I sometimes play paddle ball and tennis, and every Saturday I go to the gym to work out.

[Leuco] The INFORMADOR PUBLICO has attacked you very harshly recently.

[Menem] I do not read it; it does not seem very serious to me.

[Leuco] Now you cannot deny that you hope to be president?

[Menem] I always give the same answer. The day when a politician does not hope to be president or to be number one in his political context is the day when he has lost his appetite for politics. That does not mean I am going to be a candidate. I have no excessive ambitions. I would be lying or hypocritical if I were to say that I would not like to be president of Argentina. Of course I would like it. But there is a huge difference between that and saying that I spend day and night thinking and planning for it. Right now I have a job to do in the Senate until 1998. And I do not know what will happen in 1995. I think things will go well for us, and that we will be in a much better position than now. But that is getting into hypothetical issues.

[Leuco] Why did you downplay the importance of an issue as serious as milk unfit for human consumption?

[Menem] I did not downplay that issue. Not at all. I said that the media had been blowing it up out of proportion, and in my judgment, it did not deserve to be on page one of the newspapers every day. The issue was being exaggerated and I saw some political intentions behind that.

[Leuco] Did it seem appropriate to you that the president went in person to testify in court in the divorce with Zulema Yoma?

[Menem] It seemed very appropriate to me. The citizen Carlos Menem went to court like any other citizen on a matter affecting his private life. It also showed respect for the judiciary.

[Leuco] As soon as you replaced your brother in the presidential office, criticisms were raised anew about your lack of seniority as a Peronist, and your former activism in the conservative movement in La Rioja.

[Menem] I was not involved in partisan activity before Justicialism. During all this time I think I have amply demonstrated my political loyalty, and all my actions have always been within the Peronist framework. I was in the Iribarren administration. But as an individual and not as a representative of any party. That was a progressive government, with one public works project every 65 hours, and it had good relations with the parties.

[Leuco] Not much is heard about your children....

[Menem] The youngest just finished seventh grade; he graduated last week. Martin will finish secondary school in one year; Eduardo Adrian is 20, and is in his fourth year of law school at the University of Belgrano.

[Leuco] In closing, some nostalgia. Carlos is president, Eduardo is provisional president of the Senate and now acting president. Munir handles scheduling in the Casa Rosada. Only Amado takes care of the family's interests in the Anillaco vineyards....

[Menem] My brother Amado, who is the oldest of us all, always worked with my father during the hardest times. With Carlos, things improved a little. But we all worked a lot. I will always remember that. Driving the truck in the grape harvest, delivering wine to the city. Time off from school during weekends was not used for playing; it was spent working with my father.

"Alfonsin Is Growing Increasingly Out of Touch"

[Menem] Former President Raul Alfonsin has realized all the terrain his party lost while he was its natural leader. Now he wants to turn that position around, but it seems to me that he made a poor move in choosing the route of open confrontation with the government. Alfonsin peaked in 1985, and since then he has been heading steadily downhill. Now he has come out with a similar level of confrontation, criticizing directly, openly and strongly. I am not criticizing him. I am very

respectful of people who have been elected. But I believe that as the government has more and more success with stability and recovery, Alfonsin's line will continue to sound more and more out of touch over time. Especially because he offers no alternative plan. He criticizes official policies but does not offer anything in return. I respect him and I am on excellent terms with him. I think I might even come to understand him, but I do not share his views at all.

* Alfonsin, Angeloz Step Up Mutual Criticism

92SM0219A Buenos Aires SOMOS in Spanish 23 Dec 91 pp 20-22

[Report by Arnaldo Paganetti: "The Radical Battle"]

[Text] They do not mention each other's name in public. There is no need: the caustic references slipped into speeches and interviews are so obvious that nobody can doubt that Eduardo Angeloz, three times reelected governor of Cordoba, and Raul Alfonsin, now out of fashion and without the power he held for almost 10 years, have declared a war to the bitter end for leadership of the hundred-year old party of Alem, Yrigoyen, Illia and Balbin.

Eager to preserve organic unity, the two men have safeguarded the national committee. They have allowed an integrated leadership to be formed—"wishy-washy," in the majority view—headed by Senator Mario Losada from Misiones. A third insurgent, Fernando de la Rua, has chosen not to get involved in this street-fighting and to amass power from the radical deputies bloc, whose leadership he won despite the obstacles placed in his path by Leopoldo Moreau, an uncompromising Alfonsinist, and Jesus Rodriguez, the variable critic of the former chief executive.

Why are they so vehement against each other? The political future of both men. Angeloz is going for the top prize. Alfonsin for revenge. They want to win the coming debate, to dominate the national committee that will take over in 1993, and to embody the radical alternative to Peronism in 1995. Those who know their innermost hearts recall that they have always been wary of each other, even when Alfonsin had no option but to promote Angeloz's presidential candidacy in 1989, over Federico Storani and Dante Caputo.

But the split is as deep as an abyss now. The course pursued by Carlos Menem's government is an insurmountable obstacle. "If I am pushed too far, I will say there is treason," hammered Alfonsin, before calling for "resisting" a program which he branded as nothing less than "unjust, reactionary, authoritarian, and antisocial."

Angeloz, in an interview with SOMOS last week, attributed Alfonsin's disgruntlement to the fact that he is "emotionally disturbed." He said the government had made mistakes, but he would not call Menem reactionary or conservative, as Alfonsin does repeatedly. He gets more applause from outside than inside the UCR [Radical Civic Union]. His Buenos Aires colleague, Peronist Eduardo Duhalde, agrees with him. "Alfonsin is unbalanced," he said, making a similar diagnosis.

Off the record, they are relentless in opposing each other. Angeloz was heard saying that Alfonsin "is crazy," and that he has no chance of returning to the political forefront, because he has been rejected by the people.

Alfonsin rants about the "vileness" of the Cordoban. Some of his friends heard him saying that Angeloz "will never be president of Argentina as a radical candidate."

While Alfonsin avoids making any overt statements against Angeloz, one of his top colleagues, former Vice Minister of Foreign Affairs Raul Alconada Sempe, gave SOMOS an official reponse to the governor's comments. The virulence of his remarks filled up three pages. Here is a sample.

"We are acting as a loyal and constructive opposition, but we must not think of going along with or improving a government program which has been corrupt from the start, even though it some of its features may be partially correct."

"You said Raul Alfonsin is emotionally disturbed. That is a false, unfair, vile and not very original comment. I remember that you said the same thing about Doctor Illia when, during the years of the military regime, Don Arturo ruined your Thursday luncheons in the Third Army Corps."

"We will always be ready to defend your government when today's friends abandon you and the National Government attempts to discredit our glorious and beloved Cordoba. We shall stand in support of the radical movement of Cordoba when the cheap oligarchy has abandoned you, and when the official and private communications media no longer support you."

"I was deeply disappointed when you called upon us to join in this recent history. Perhaps you consider the Judiciary's lack of independence trivial, or feel that the way the executive governs by decrees, ignoring the powers of the National Congress, is a matter of streamlining; maybe you are not repelled by the acts of corruption and the degree of impunity with which top national officials operate; and perhaps the fraud in Santiago del Estero, in Avellanada or in other parts of Chile seems like isolated episodes to you."

In the Alfonsinist camp, now split apart, there are no unanimous views or unanimous or common scenarios. People there conceal what they think. That is true of former Interior Minister Enrique Nosiglia, who broke off a conversation with Alfonsin during the annual meeting of the General Mosconi Energy Institute, chaired by Jorge Lapena, when he was surprised by the SOMOS photographer.

Some people have urged Alfonsin to hasten to join in the 11 December Box Federation (Dante Caputo, Facundo Suarez Lastra, Marcelo Stubrin, Oscar Shuberoff and

Juan Carlos Farizano), and those who cornered him at the Center Highway last Tuesday (Jesus Rodriguez, Jorge Vanossi), extracted a promise from him: decision making will be shared. The vertical structure of orthodox Alfonsinism is over.

Outside of these skirmishes, Federico Storani, one of the first who confronted Alfonsin, considers him a political master: "Alfonsin is not crazy," he told his young guests—"he is positioning himself as the only opposition to the Menem government. He is forcing Angeloz to emerge at the wrong time, and he is pushing us into a corner, because to his left there is only (Luis) Zamora."

The postponement of the Christmas bonus payment to state employees and retirees last week tested their reflexes. Angeloz focussed his criticism on the "malicious" way the privatizations are being carried out. Alfonsin did not waste this opportunity. He told SOMOS, after conjecturing that a total modification of the benefits system may be coming ("we have to be careful," he warned): "This is an unscrupulous government that relies on foreign and corporation support. I am not resigned to accepting a heartless society which puts its old people out onto the streets on cold nights to let them die."

The fate of Angeloz and Alfonsin will be linked to that of President Menem. The "gaucho" from Chascomus is paying attention to the flaws in Domingo Cavallo's program. Angeloz, with a credibility that eludes his opponent, is positioning himself for the post-Menem era.

The battle will continue in 1992. They will not offer nor will they seek a truce. The behind-the-scenes maneuvers of Juan Manuel Casella and of De la Rua and of Governors Horacio Massaccesi, Carlos Maestro, and Arnoldo Castillo will come to light. Losada will try to keep the debate on higher ground, but everyone knows that his political mentor is Alfonsinist Ricardo Barrios Arrechea.

"An Evil Program"

Somewhat on edge about preparations for the study tour he will undertake to the United States next week and because of his strict diet, Raul Alfonsin gave a touch of ironic humor to the start of the interview. "You are from the journal SOMOS; how terrible!" he said, smiling as he invited us to enter his new office at Ayacucho 132. He moved there a little over a month ago, after leaving the leadership of the national committee of the Radical Party.

He offered coffee, while a few small whole-grain crackers were served with minute portions of low-fat cheese. He asked that no names be used in the interview. "I do not want to sound resentful," he explains. Then the conversation flowed quite naturally.

[Paganetti] One of your statements, the one about resisting the national government program, has hurt the feelings of some radical leaders and officials in President Menem's administration....

[Alfonsin] There is no cause for alarm. People who have studied a little sociology know there are changes which produce resistance to change. I always complained about the resistance to change that was operating during my administration. Now, as this is a regressive, unjust, and authoritarian change, I have called for resistance, using sociopolitical language.

[Paganetti] Sincerely, do you see no continuity between your North Park proposals in 1985 and the present measures?

[Alfonsin] What can you be thinking of! How can you ask me that! They have nothing at all in common.

[Paganetti] Some radical leaders have pointed out some similarities.

[Alfonsin] But you are asking me and not some other leader. I called for bringing private capital into some state enterprises, as these enterprises needed more capital to operate efficiently, but in any event the majority of the stock remained in the hands of the state. The current privatizations, though, are scandalous. Neither the national interest nor the users' interests are being considered. The state is behaving like a deserter. I will not sit idly by while we pursue the road to degradation.

[Paganetti] You say that with this economic-social model 20 million Argentines will be left behind as an underclass. Does it not seem strange to you that the people supported what this government is doing with their votes?

[Alfonsin] This program creates a dual society; it puts those who seek to concentrate economic power on top. It generates a concentration of income and holds down the poorest people. This government is stronger than a dictatorship, because in addition to the support of the factors of power, it has also been given legitimacy by the people's votes. But I am not saying we are facing a dictatorship of votes. The fact that Menem feels that he has backing does not mean that I will keep quiet. There are ethical principles which cannot be compromised.

[Paganetti] Do you think your move to the sidelines of the radical leadership will enable your party to recover?

[Alfonsin] Today I am more useful where I am, seeking unity among progressive sectors. I was hampered in the party, because I had to express the party consensus. I believe I completed a phase. I did what I had to. And we did not do too badly in the first elections two years into the Menem government. It was a great election for radicalism.

[Paganetti] Excuse me for bringing up some names. But did your appeal to bring together people who think in the same way exclude De la Rua and Angeloz?

[Alfonsin] There are fundmental views which we do not all share. But let me make it clear that I do not want to hurt anyone. We are beginning a phase of reorganization and renewal. We have to define a constructive opposition without being too over-obliging. I say the Menem program is evil. But there are people who support it.

Bolivia

Labor Federation, Government Sign Agreement

PY3001130492 La Paz Radio Fides Network in Spanish 1100 GMT 30 Jan 92

[Text] The church may finally bless the marriage between the government and the COB [Bolivian Labor Confederation]. After eight days of negotiations, COB leaders and government representatives yesterday signed a joint agreement that ended the country's labor conflict.

The most significant terms of the agreement state that in the mining privatization area, mine workers will be able to submit projects to be included in the economic reorganization plans that will determine the future of mining centers as alternatives to those projects submitted by COMIBOL [Mining Corporation of Bolivia]. As for coca leaf eradication, which is being analyzed in meetings to try to reach an agreement, the government guarantees that the Armed Forces only will act within the framework of the antidrug struggle and not in the eradication of coca.

Concerning taxes, the COB and the government commit themselves to seriously discuss the tax rate. We asked COB leader Edgardo Vasquez about the salary issue.

[Begin Vasquez recording] This is a matter that will have to be discussed on the basis of salaries granted last year. We think we will obtain a more positive reply with respect to previous percentages; otherwise, we will again resort to demonstrations. [end recording]

Interior Minister Comments

PY3001135092 La Paz Television Boliviana Network in Spanish 0200 GMT 30 Jan 92

[Text] After 48 hours of negotiations, the Bolivian Labor Federation [COB] and the government signed on 29 January an important document that, once again, reflects the government's decision to resolve problems through dialogue.

[Begin recording] [Unidentified reporter] COB leaders and the government signed an historic document on 29 January that puts an end to the pressure maintained for 30 days by COB leaders. The ceremony was held at the Planning and Coordination Ministry. After signing the agreement, Interior Minister Carlos Saavedra Bruno highlighted the mediation of the church.

[Saavedra] Despite the differences we may have, we are capable of finding many points upon which to agree. And the third verification [as heard] [of this] is that I believe that, during the 44 hours of negotiations, we were able to jointly find the common enemy of the COB and the government: unemployment.

One side, the COB, is defending job sources, and the government is creating hope for new job sources for those who are unemployed. This is my verification, and I also thank the church for its cooperation in this understanding that we have achieved with Bolivian workers.

[Reporter] COB Executive Secretary Victor Lopez summed up COB's position.

[Lopez] It is on this occasion that I permit myself to sign this draft agreement, a document that is going to allow us to set the guidelines for a reak agreement with workers. [end recording]

Net Reserves in Dec 1991 Total $197 Million

PY3001230692 La Paz PRESENCIA in Spanish 19 Jan 92 p 4

[Summary] Central Bank President Raul Boada has reported that the net reserves in the Bolivian Central Bank by the end of 1991 amounted to $197 million, that is, $65 million more than in 1990, while the gross reserves amounted to $393 million, $17 million more than in 1990. The issuance of money in 1991 was of 775 million bolivianos, 16 percent more than in 1990. He said that the inflation estimate in 1991 was 14.52 percent, which is lower than the 18.01 percent registered in 1990.

Brazil

Itamaraty Issues Message on Downing of Plane

PY3001223492 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 30 Jan 92

[Text] The Brazilian Foreign Ministry, Itamaraty, has said that the Venezuelan military action of shooting at and downing an airplane with Brazilian gold miners is exaggerated. The Brazilian Government admitted that the gold miners entered Venezuela without authorization. However it wants to know who is responsible for the attack.

Thirteen days following the incident, the Venezuelan Government recognized, through an official message, that the Brazilian gold miners' plane was shot at in the border. The message states that the Brazilian airplane invaded the Venezuelan airspace, that it was flying without a defined flight route and without a passenger list. According to the Venezuelan Government message, the National Guard first fired warning shots. Since the airplane did not respond, it fired again, aiming at the airplane.

Such an acknowledgement has changed the Brazilian Government's position regarding the incident. Itamaraty released an official message this afternoon stating that the

Brazilian Government recognizes the Venezuelan Government's willingness to investigate the incident. According to the message, the Brazilian Government will suggest patrolling the border together from now on. The message also states that Brazil opposes the illegal presence of gold miners in Venezuelan territory. However, according to Brazilian Acting Foreign Minister Marcos Azambuja, the downing of the gold miners' plane was an exaggerated action that must be investigated. An Air Force lieutenant colonel, a Federal Police legal adviser, and an expert will participate in the investigation.

[Begin Azambuja recording] It has been a hostile, serious, and regrettable action in which human lives were lost. It is not a practice in international civil aviation to shoot down airplanes flying over the territory of other countries. [end recording]

Itamaraty also considered as serious the invasion of Brazilian airspace and low altitude flights over the Ianomami Indian reserve in Roraima by the Venezuelan Air Force.

Economy Minister Departs for Paris Club Talks

PY3001170492 Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 30 Jan 92

[Text] Economy Minister Marcilio Marques Moreira stated that the agreement reached with the IMF will allow Brazil to resume its growth during the second half of 1993.

[Begin Marques recording] What we need now is a solid basis, and this will be possible only through stability. We can begin the growth process on this solid basis, not a growth with ups and downs, but a solid growth that will allow the government and society to render the best benefits and services to the people. [end recording]

This morning, Marques Moreira left the Economy Ministry for the airport with political strength, and he could not conceal his satisfaction. He left for Recife, from where he will depart for Davos, Switzerland, and then for Paris, where he will reopen negotiations with the Paris Club, which includes banks from Brazil's debtor countries. This reopening of negotiations with the Paris Club and commercial banks is the result of the agreement reached with the IMF, but an agreement with the Paris Club will not be reached until 24 February.

Discusses Debt Negotiations

PY3001211292 Rio de Janeiro Rede Globo Television in Portuguese 0926 GMT 30 Jan 92

[Interview with Economy Minister Marcilio Marques Moreira by unidentified correspondents during the "Good Morning, Brazil" program in Rio de Janeiro on 30 January]

[Text] [Reporter] The IMF approved Brazil's letter of intent and the economic goals listed in it. The agreement includes a $2 billion loan and paves the way for a resumption of negotiations with private and public creditors. Economy Minister Marcilio Marques Moreira is here in our studio to speak about the consequences of this agreement with the IMF. Minister, I would like to begin by asking if the Brazilian people will have to get ready for even harsher times in the coming months.

[Marques Moreira] I think we have to continue implementing very austere fiscal and monetary policies. What we had in the last 12 years were idle comings and goings. We lost not only a decade, but 12 years, without per capita growth.

[Reporter] What are the conditions for renegotiating those $2 billion? What did Brazil achieve that will help its negotiations with international banks and that might make a reduction of the debt possible?

[Marques Moreira] Besides the $2 billion that will become available in the next 20 months, we received a green light from the international community. We can now negotiate an agreement with creditor banks and the Paris Club. But what is most important is that we are turning the page on the issue of our debt. We are beginning to write on a new page, a page of future credits and investments that will come with greater intensity.

[Reporter] When will these other resources begin to enter the country? A Japanese bank, for instance, has already announced that it is ready to make large investments in Brazil as long as we fulfill our commitments with the IMF. What are your expectations? When will those funds begin to arrive, and what will the money be invested in?

[Marques Moreira] I will give you an example. In July last year, we signed an agreement on arrears with commercial banks. This was a much more modest agreement, but the signal was strong enough to double the amount of investments in Brazil compared to 1990. Last year, we had $11 billion in investments instead of the $5 billion for all of 1990. I am sure the process will be very swift, but first we must conclude our negotiations with the Paris Club. Those negotiations should take one or two months. From then on, we will begin seeing Japanese investments, U.S. investments, and investments from other sources.

[Reporter] This deal appears to favor the government in its payments or debt renegotiations, but how will it affect the common citizen? In the letter of intent, the government promised to reduce inflation and forecasts zero growth, that is, unemployment will not be reduced, it will remain the same at best. Will Brazilians experience a difficult 1992?

[Marques Moreira] The next few months will be very hard. But the situation is already very harsh. We are already having a lot of difficulties. As I have said, this has been happening for the past 12 years. We have to reverse the trend. This is, it must be, a turning point for us to move from a Brazil isolated from the international community, an archaic country that was not modernizing, to a more modern, stronger Brazil with fuller

participation in the international community—a country capable, much more capable, of absorbing investments.

[Reporter] Do you find that the negotiations between entrepreneurs, workers, and the government in Sao Paulo are an example of what we need in the country from now on in order to confront the crisis, the recession?

[Marques Moreira] I think that what is happening in Sao Paulo is interesting because it is seeking ways to confront the crisis. But our policies will create a solid base for future real growth, and what is very important, and will allow us to begin paying our debt with society. The IMF press communique was very interesting because it placed a lot of emphasis on government social programs, including the CIAC [Integrated Center for Assistance to Children] program, which is mentioned specifically. This is an integrated program to assist children and adolescents by providing nutrition, health, and education.

[Reporter] That means there will be funds for those programs, right?

[Marques Moreira] Yes. Government priorities will be fully served.

[Reporter] How will the government control budget spending? Are you contemplating special measures, for instance, to pay public workers?

[Marques Moreira] We will continue to implement the same policies. These polices are based on a basic principle: The government cannot spend more than it receives. This principle is known by any entrepreneur, any homeowner. In the past, the government created the illusion that it could create revenue. The government cannot do that, because it only ends up creating inflation, not real revenue. Inflation is the great enemy of employment and salaries and, at present, it is suffocating investments and growth in the country.

[Reporter] For that to be possible, won't the government have to adopt measures to control utility rates?

[Marques Moreira] Utility rates will be adjusted if needed. Many rates are already at a realistic level, at a level balancing revenues and spendings. A few rates, like electricity and gasoline, will be increased by around 15 to 17 percent during the year.

[Reporter] What about the 147 percent adjustment to pensioners? How will it affect the letter of intent, if the Supreme Court confirms the increase?

[Marques Moreira] If the Supreme Court decides that we have to pay, we will issue deferred credits; that is, disbursements will be made in 1993. Congress will then have until September to find new sources to finance the increase.

[Reporter] Minister, thank you for your participation in the program, and we wish you a lot of success in the negotiations that begin tomorrow in Paris. You are leaving for Paris today, is that true?

[Marques Moreira] Yes, today.

[Reporter] Have a good trip Mr. Marques, and good luck.

[Marques Moreira] Thank you.

IMF Grants $2 Billion Standby Loan

PY3001123092 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 30 Jan 92

[Excerpt] The IMF's executive committee has unanimously approved a standby agreement with Brazil for $2 billion. To close the deal, Brazil negotiated a letter of intent with the IMF that calls for an inflation rate of 2 percent by December. Economy Minister Marcilio Marques Moreira received the news and immediately informed President Fernando Collor. [passage omitted]

Passarinho Explains Political Coordinator Job

PY3001132092 Rio de Janeiro O GLOBO in Portuguese 29 Jan 92 p 3

[Interview with Justice Minister Jarbas Passarinho by Jorge Bastos Moreno in Brasilia; date not given]

[Text] [Bastos] Does the participation of so many politicians in President Collor's cabinet cause problems in your position as the government's political coordinator?

[Passarinho] On the contrary, a number of politicians in the cabinet can reinforce congressional support that is hoped for by the president. The splitting up of the Labor and Social Welfare Ministry is under study, and there is the possibility to name another politician as labor minister. All ministers play politics.

[Bastos] But are you not revealing a lack of self-confidence when you set the prior definition of your responsibilities and those of Minister [Jorge] Bornhausen as a precondition for staying in your post?

[Passarinho] Absolutely not. There are those who believe that my position is one of confrontation with the president. When the president asked me to assume my post as minister, he gave me the fundamental mission of a political coordinator, because I am not a jurist.

[Bastos] Did you have prior knowledge that the president was going to create that post?

[Passarinho] Yes, I had full knowledge. The president talked with me about recreating the Civilian Household. The president asked for my opinion. I agreed that he needed that aide.

[Bastos] Are you going to leave the Ministry under no circumstances?

[Passarinho] I would only have a reason—and it would not be due to prudishness—to leave the ministry if the president believed that the political coordination should be handed over to someone else. It would demonstrate that my work is not being profitable. Some people in Congress believe that the political coordination should be given to someone else.

[Bastos] Does this criticism come from congressmen who are part of the government's support bloc in Congress?

[Passarinho] From what I know, yes. I would not say in large numbers; they are only a few, but it would not be nice to name them.

[Bastos] Do those people exercise their influence on the president, or at least, are they close to him?

[Passarinho] I would not say that any of them are as close as we are today. This is understood as being close to the president.

[Bastos] Could being close mean being from the same state?

[Passarinho] I am not certain. I am thinking about whom that question is directed. I am already grown up, and I know the question refers to Guilherme Palmeira. But Guilherme has always treated me well, as I have treated him. Guilherme is a very good friend of Jorge (Bornhausen), with whom I have an excellent relationship.

[Bastos] How many times have you placed your job at the disposal of the president?

[Passarinho] It was not precisely placing my job at his disposal. I was not happy about the defeat of 296 (the provisional measure that readjusted the salaries of public employees). The other time was when I had that misunderstanding with Vice President Itamar Franco, who is my friend. But at no time did I submit my resignation. There were insinuations.

[Bastos] And now?

[Passarinho] Not this time either. Press speculation has offended me, and I had to say that I have never been attached to posts. I accepted because the president invited me, and if my functions have been bypassed, then there is no reason for my presence within the government. Some say that I am confronting the president. This is not the question; neither is it a question of saying: "Well, I am going to accept staying on without the main function that was given to me."

[Bastos] You had a meeting with Minister Bornhausen. Were functions defined at that meeting?

[Passarinho] We came out of the meeting as better friends than we had ever been. He himself said that his function is to help with political coordination. He is going to help me a lot.

[Bastos] Can you tell me what the new minister's responsibilities are?

[Passarinho] Politicians visit the palace. They overload [Military Household Chief] General Agenor [Francisco Homen de Carvalho's] work day. That would be a typical task for Jorge. He will be at the palace permanently, and I will do the political coordinating with Congress.

Plans for New 'Programming Secretariat' Canceled

PY3001142692 Sao Paulo O ESTADO DE SAO PAULO Economy Section in Portuguese 29 Jan 92 p 3

[Report by Pamela Nunes]

[Text] Brasilia—President Fernando Collor has canceled plans to create a new advisory organization linked to the Presidency that probably would have been named the government Programming Secretariat. This was revealed on 28 January by presidential Spokesman Humberto Rosa e Silva. He admitted that the new secretariat was to have been created in order to bring economist Antonio Kandir back into the government.

The controversy created by Kandir's possible return contributed to postponing the rest of the government's administrative reform until February. Economy Minister Marcilio Marques Moreira threatened to resign if Zelia Cardoso de Mello's former adviser is readmitted into Collor's team. International creditors also reacted with concern when Kandir's return to the government was announced because he was one of the authors of the last two economic plans.

"I can categorically deny it: That secretariat will not be created," Rosa e Silva stressed on 28 January after ascending the ramp of Planalto Palace. The spokesman did not give many details on the next stages of the administrative reform President Collor has decided to implement in order to guarantee solid congressional support.

Meanwhile, Collor advisers have confirmed that the creation of the Labor Secretariat, the fruit of splitting the Labor and Social Welfare Ministry, will be included in the bill the government will submit to Congress after 15 February, requesting approval for the Government Secretariat, which is being headed informally by former Senator Jorge Bornhausen.

* Amendments Pending in Congress in Early 1992

92SM0220B Sao Paulo GAZETA MERCANTIL in Portuguese 31 Dec 91-2 Jan 92 p 8

[Article by Eduardo Hollanda: "Congress Begins 1992 With Seven Constitutional Amendments To Vote on"]

[Text] Brasilia—The Chamber of Deputies and the Senate will begin their new legislative session on 15 February 1992, and their list of priorities to be voted on already includes seven constitutional amendments—five of which constitute the "big amendment" submitted this year by President Fernando Collor de Mello—and nine bills in various stages of the legislative process. Four of

those bills (the tax on large fortunes, profit sharing for workers, the press law, and port modernization) and one constitutional amendment (regulating the pay of state deputies and municipal councilors) are ready to be voted on in plenary session (see the table below).

Those bills and amendments are considered priorities by both the administration—which has a special interest in the five parts into which the "big amendment" is divided—and the political parties, including those in the opposition.

As part of a negotiating strategy used by the administration to win approval of the tax adjustment this year in exchange for rolling over the debts of states and municipalities, bills such as those on profit sharing and the tax on large fortunes might be used to get the opposition's support on other issues.

Port Modernization

Port modernization—which was the subject in December of a substitute bill drawn up jointly by Deputies Aloizo Santos (PMDB [Brazilian Democratic Movement Party], Espirito Santo), Marcelo Barbieri (PMDB, Sao Paulo), and Luiz Roberto Ponte (PMDB, Rio Grande do Sul)—also interests the administration, which may be able to secure the PMDB's support, for example, in getting the substitute bill (which the administration considers acceptable) passed in the first few weeks of the year.

For its part, the press law was approved by the Senate—in the form of a substitute bill submitted by Senator Jose Fogaca (PMDB, Rio Grande do Sul)—but may encounter resistance from some sectors in the Chamber of Deputies on the grounds that it is too liberal.

The constitutional amendment submitted by Senator Nelson Carneiro (PMDB, Rio de Janeiro) limits the pay of state deputies to 70 percent of the pay received by federal deputies and senators and that of municipal councilors to 70 percent of the pay received by state deputies. Following its approval in the Senate by a quorum of three-fifths of the 81 senators, that amendment has spent the whole year working its way through the Chamber of Deputies and is now ready to try to win the 302 votes needed for a quorum of three-fifths. Its passage will require a consensus among the parties.

The five parts of the "big amendment" are still in a difficult situation. The part concerned with deregulating and modernizing the economy has been approved by the Constitution and Justice Committee. The same is true of the tax adjustment. Those two parts will be in the hands of their respective special congressional committees as 1992 begins. The other three—establishment of the "avocatoria" [giving the Supreme Court the right to assume jurisdiction over any case in a lower court], deregulation of the market in blood, and revision of the law governing government employees and universities—are awaiting approval by the Constitution and Justice Committee. Since it consists of constitutional amendments, the "big amendment" will require a broad agreement between the administration and the parties because of the need for 302 votes in the Chamber of Deputies and 49 votes in the Senate.

Priorities in National Congress

Topic	Status
Constitutional amendments:	
Modernization of economy	Admissibility approved, now in special committee
Tax agreement	Admissibility approved, now in special committee
"Avocatoria"	Admissibility being considered by Constitution and Justice Committee
Trade in blood	Admissibility being considered by Constitution and Justice Committee
Government employees, universities	Admissibility being considered by Constitution and Justice Committee
Salaries of state deputies and municipal councilors	In the Chamber of Deputies and ready to be placed on the agenda
Voluntary military service	Admissibility approved, now before the appropriate committees
Legislative bills:	
Tax on large fortunes	In the Chamber of Deputies and ready to be placed on the agenda
Profit sharing	In the Chamber of Deputies and ready to be placed on the agenda
Press law	Passed by the Senate; now in the Chamber of Deputies and ready to be placed on the agenda
Port modernization	In the Chamber of Deputies and ready to be placed on the agenda
Guaranteed minimum income	Passed by the Senate; now in the Chamber of Deputies and ready to be placed on the agenda
Office of General Counsel of the Union	Admissibility being considered by Constitution and Justice Committee
Special Secretariat for Internal Control	In committee
Real estate investment funds	Before plenum for amendments.

Guaranteed Minimum Income

Among the legislative bills, Senator Eduardo Suplicy's bill establishing a guaranteed minimum income for anyone earning up to 120,000 cruzeiros is coming before the Chamber of Deputies after receiving the unanimous approval of the Senate, a fact which may help speed its passage. The administration bills establishing real estate investment funds, the Office of General Counsel of the Union, and the Special Secretariat for Internal Control also stand a good chance of coming up for a vote within just a few sessions, and their approval should not be difficult. Lastly, the constitutional amendment submitted by Deputy Maurilio Ferreira Lima (PMDB, Pernambuco) to abolish compulsory military service and replace it, following the U.S. example, with voluntary

military service surprised everyone by winning the unanimous approval of the Constitution and Justice Committee. It will now go to the National Defense Committee and, if approved, await its turn in the plenary session.

* Fundamentals of Agrarian Reform Plan Defined

92SM0220A Sao Paulo VEJA in Portuguese
1 Jan 92 pp 34-35

[Text] Agrarian reform has been one of the most controversial expressions in the national political vocabulary. It has hovered like a ghost over the heads of eight administrations, contributed to the fall of one of them, and had the privilege of being given its own ministry. Last week it was President Fernando Collor de Mello's turn to touch on the subject. Collor also wants to have an agrarian reform--and he wants to be better at it than his predecessors. His plan vows to expropriate 18 million hectares, settle 400,000 families, regularize the land titles of another 229,000, and invest $6.1 billion, and all of that before his administration comes to an end in December 1994 (see below). If the plan is carried out, Brazil will be facing a big change in its rural world, because no one has ever done that much in Brazil before. If not, what we will have is just one more president making promises the size of a cattle ranch and burying them in a patch of ground the size of a manioc mound.

This is Collor's plan for agrarian reform:

1. It promises that 18 million hectares will be expropriated within three years. That is an area larger than Uruguay. (It is improbable that this will happen.)

2. Then, 629,000 families are to be settled and have their land titles regularized. That figure equals the total population of Salvador and Recife. (It is doubtful that this objective will be achieved.)

3. The plan calls for spending $6.1 billion. That is the equivalent of Costa Rica's gross domestic product in 1989. (That is too much money for anyone to believe that it will actually be spent.)

Before Collor, former President Jose Sarney promised to expropriate 43 million hectares and settle 1.4 million families. In practice, he accomplished less than 10 percent of what he had promised. Collor's plan is also more ambitious than that implemented by Sarney's predecessor, Joao Baptista Figueiredo. Announced at a meeting with Minister of Agriculture Antonio Cabrera and Minister of Economy Marcilio Marques Moreira on Thursday, Collor's plan was christened Land Brazil, but it already has a nickname: Terrac, to rhyme with CIAC [Integrated Child Support Center], the school pyramids which the administration has promised to set up around the country.

In theory, Terrac will provide the rural world with a level of administrative harmony that does not exist in the cities. The National Institute of Land Reform and Settlement (INCRA) will be in charge of expropriating land, the Ministry of Health will build hospitals, the Ministry of Education will build schools, the Ministry of Infrastructure will open streets and roads, and so on. Lastly, the administration will require that the settler produce as much as the Brazilian average within four years--otherwise he will lose his land—and will ban the sale of his land for 10 years as a preventive measure aimed at the professional landless. Once settled, the settlers will form cooperatives and will have access to credit only at the Bank of Brazil. What they get there will be not money but seed, fertilizer, and other items which they will pay for later (at subsidized prices) by handing over part of their production. All very pretty on paper, but difficult to do in practice. "The question is whether there will be enough money for all that," says Pedro Camargo Neto, president of the Brazilian Rural Society.

Broke—To get its rural revolution going, the administration needs to solve two main problems before tackling a dozen or so secondary difficulties. First problem: to find $6.1 billion with which to finance the program—not an easy task for a government that is broke. Collor's agrarian reform will cost more than the CIAC educational reform. Second problem: to get congressional approval for the legal measures that will support agrarian reform. As far as the money is concerned, the administration intends to dip its ladle into Finsocial [Social Investment Fund], the Support Program for Small Producers, and the Guarantee Fund, among other caldrons.

In Congress, Planalto Palace will have to obtain approval of a "summary rite of expropriation." The idea is controversial. The administration wants to give the owners of expropriated land only 10 days in which to protest. There is more: under the plan, the courts would have only 20 days in which to rule on such a protest by an owner. As a complementary measure, the administration will send Congress a bill increasing the rate of the rural land tax (ITR) tenfold. Currently, the ITR is not only low but also ignored. In a country like Brazil, which is the size of a continent, it provides the Treasury with less than $200 million annually. To a large extent, this entire effort by the administration is an attempt to revisit the latter's electorate. "Those who put us here were the real shoeless ones, and we need to make an urgent response to keep them on our side," President Collor commented to an adviser.

"Social shock absorber"—The embryo of Terrac appeared two months ago. The president called Minister Antonio Cabrera to his office and asked for an ambitious program. "We need a social shock absorber for what is coming," said a Collor worried about the recession. The minister did as asked, and on Thursday he presented his plan, which will be announced within the next few days. Minister Cabrera, who is a rancher with a conservative image and theoretically an opponent of such radical measures as the expropriation of land, commented to a friend: "If Brazil's area were completely occupied, I would be against agrarian reform."

The minister not only approves of this plan but will also make it one of the pillars of his administration. But he recognizes that there are risks. "I am making a leap into the dark," he admitted to that same friend. One of his challenges will be INCRA, which has no accurate figures on the land situation and is frequently accused of corruption. It is obvious that the country has a bad agrarian structure, but carrying out a reform at a time when the worldwide trend—from the Soviet Union to Mexico—is in the opposite direction is one of those exotic features typical of Brazil.

"International experience has already shown that agrarian reform is not the solution," says Deputy Cesar Maia (PMDB [Brazilian Democratic Movement Party], Rio de Janeiro). "Only 3 or 4 percent of the world's population lives in rural areas. The solution is to modernize agriculture." In Brazil, where 25 percent of the population is still rural, the migration to urban areas can be expected to continue, and the need is to create industrial jobs in those areas, not to move in the opposite direction.

* Status of Privatization Program Surveyed

* Priority in Public Services

92SM0218A Rio de Janeiro O GLOBO in Portuguese 5 Jan 92 p 36

[Article by Mariza Louven: "Public Services Are Priority in Privatization"]

[Text] How about privatizing the Rio de Janeiro-Niteroi Bridge? And why not the Sepetiba port terminal, the President Dutra Highway, the railroad branch between Belo Horizonte and Rio de Janeiro, electricity generating firms such as Itaipu, and so on? There are no limits to the new privatizing ambitions of the president of the National Bank for Economic and Social Development (BNDES), Eduardo Modiano. The denationalization program that began last year is enabling the National Treasury to wipe out government debts equivalent to $1.7 billion, or about 0.5 percent of the gross domestic product (GDP). But as far as Modiano is concerned, that is only the beginning.

The first step toward making it possible for the Commission to draw up a new list of privatizable enterprises—which this time will consist of public service concessions—will be passage of the bill regulating Article 175 of the Constitution. The Commission will meet at the BNDES this Monday with Roberto Macedo, executive secretary of the Ministry of Economy, and Sima Medeiros, executive secretary of the Ministry of Infrastructure, in order to agree on a common stand in that connection. The government will then seek the support of the leaders in Congress for passing the bill as a matter of extreme urgency.

Another bill which the government wants to expedite is the one deregulating and modernizing the ports. According to Modiano, it was important to sell off industrial firms such as Usiminas [Minas Gerais Iron and Steel Mills, Inc.]. But not until the public services—currently in a state of deterioration because of a lack of investment—are privatized will the public actually feel the positive effects of privatization.

Involving foreign investors in the program is another goal chosen by the president of the BNDES, Eduardo Modiano, for 1992. Adopting more flexible rules for foreign capital will be the decisive step, but Modiano is going to help things along: he will go abroad in the last week of this month for several meetings with investors.

* Difficulty in Financing

92SM0218B Rio de Janeiro O GLOBO in Portuguese 5 Jan 92 p 36

[Article by George Vidor: "Debts Will Continue To Serve as Money"]

[Text] One of the chief difficulties with the denationalization program continues to be the lack of money with which to buy the firms. Since dollars are not likely to surface in abundance in 1992, the government will have to continue using the program to convert public debt into privatization money.

That is the purpose, for example, in raiding the Wage Variation Equalization Fund [FCVS], which is supposed to cover debit balances in the financing of home purchases that have been paid off by the owners. The experts are working out the final formula for converting that debt—which legally is the responsibility of the Treasury—into privatization money (securities will be issued and delivered to the institutions in the home financing system). For 1992 and 1993, the FCVS alone is expected to provide the denationalization program with $2 billion.

Despite criticisms of the use of that instrument for privatization, it is a good idea, since the various types of debt are currently one reason for the public deficit. Even if the government pleads inability to pay, those debts generate costs and mean that the public sector has to pay more for everything because suppliers inevitably build in a financial cost to compensate for the rolling over of debt.

For its part, the government cannot resort to new borrowings to finance long-term investments that will continue to be the state's responsibility. Cleaning up those debts is therefore necessary in order to salvage the public sector's credit.

* Obstacles in 1991

92SM0218C Rio de Janeiro O GLOBO in Portuguese 5 Jan 92 p 36

[Text] The auctioning off of Usiminas opened and closed the government's denationalization program last year, but not before there was a brawl that literally included fisticuffs, yelling, and kicking. That was what greeted

investors and others wanting to participate in the auction at the door to the Stock Exchange, and the auction wound up being canceled. Control of the government enterprise nevertheless wound up being sold one month later for 1.47 billion [currency not specified], thus opening the way for the sale of three other government enterprises in 1991: Celma [Electromechanical Company] (1 November), Mafersa [Railroad Materials Factory, Inc.] (11 November), and Cosinor [Northeast Iron and Steel Mills] (14 November). Also offered for sale on 18 November were the preferred shares in Usiminas [Minas Gerais Iron and Steel Mills, Inc.]

The privatization process was hectic throughout the year. Besides issuing notices for the hiring of consultants or sale of privatizable firms, the Executive Commission had to fight a real legal battle to move ahead with the program. Twelve lawsuits were filed against Usiminas alone. In all, there were 27 lawsuits challenging last year's privatizations.

The main arguments used by the challengers were these: the use of "unauthorized" money, the conversion of foreign debt instruments at face value, sale to employees at a discount, illegalities in the official notice, nondemocratization of capital, undervaluation, failure to recover public funds, profits for Nippon Usiminas (the foreign partner in Usiminas), and transfer of monopoly. Despite that, the firms were sold and brought in $1.6 billion. If sales to the employees of those government enterprises are excluded, that amount drops to $1.5 billion.

But since the shares were paid for not in cruzeiros but basically in past due debts owed by the Federal Government, the government will not wind up with more cash: it will simply wipe out those debts. The chief form of "privatization money" used was Siderbras [Brazilian Iron and Steel, Inc.] debentures (40.3 percent, for a total of $616 million). Privatization certificates were in second place (21.1 percent, for a total of $323.4 million). Next came National Development Fund Bonds (OFND's) at $277.3 million (18.1 percent), securitized debts at $229.7 million (15 percent), Agricultural Debt Securities [TDA's] at $78.4 million (5.1 percent), the Deposit Facylit Agreement (DFA) at $4.4 million (0.3 percent), and new cruzados at $600,000 (the remaining percentage). The amount paid in cruzeiros was insignificant.

Forms of Payment Used

Form of payment	Millions of dollars	% of total
Siderbras debentures	616.0	40.3
Privatization certificates	323.4	21.1
OFND's	277.3	18.1
Securitized debts	229.7	15.0
TDA's	78.4	5.1
DFA's	4.4	0.3
New cruzados	0.6	**
Cruzeiros	*	**
Total	1,529.8***	100.0

* Remaining amount.

** Values below 0.1 percent.

*** Financing granted to employees.

Source: BNDES [National Bank for Economic and Social Development].

* Timetable for 1992

92SM0218D Rio de Janeiro O GLOBO in Portuguese 5 Jan 92 p 36

[Text] This year the president of the BNDES [National Bank for Economic and Social Development], Eduardo Modiano, hopes to obtain at least double the $1.6 billion (1.7 trillion cruzeiros at the commercial exchange rate) brought in by the National Denationalization Program last year—that is, $3.2 billion. The list for 1992 is starting out with the names of 22 firms. A new battle will probably be fought to move forward with the program in the area of petrochemicals, since Petrobras [Brazilian Petroleum Corporation] itself has been trying to prevent the sale of stockholding shares in Petroquisa [Petrobras Chemical Corporation] (Rio de Janeiro).

Privatization Timetable for 1992

	Scheduled date for:	
Firm	Notice of auction	Auction
SNBP [La Plata Basin Shipping Co.]	13 Nov 91	14 Jan 92
Indag	Dec 91	23 Jan 92*
Piratini	16 Dec 91	12 Feb 92
Goasfertil [Goias Fertilizer Corp.]	Dec 91	19 Feb 92
Petroflex	Dec 91	18 Mar 92
Franave [Sao Francisco Navigation Co.]	Dec 91	Mar 92
CST	Jan 92	Apr 92
Enasa [Amazon Shipping Company]	Feb 92	Apr 92
Nitriflex	Feb 92	Apr 92*
Copesul [Southern Petrochemical Company]	Jan 92	May 92

Privatization Timetable for 1992 (Continued)

Firm	Scheduled date for: Notice of auction	Auction
Arafertil [Araxa Fertilizers]	Mar 92	May 92*
Carnitba	Apr 92	Jun 92
ICC [Carbochemical Industry of Santa Catarina]	Apr 92	Jun 92
Fosfertil	Apr 92	Jul 92
Alkalis	May 92	[illegible] 92
Ultrafertil	Jun 92	Sep 92
PPH	Jun 92	Sep 92*
Triumph	Jun 92	Sep 92
Polisul	Jun 92	Sep 92*
Acesita [Itabira Special Steel Company]	Jun 92	Sep 92
Nitrofertil	Jun 92	Oct 92
PQU	Aug 92	Dec 92
CSN	-	-
Cosipa	-	-
Acominas	-	-
Lloyd	-	-

* Sale of minority interest.

Source: BNDES.

The first privatization of the year will be that of the La Plata Basin Shipping Company this 14 January. But the stars of the show are unquestionably the Tubarao Steel Company (CST), located on the northern coast of Espirito Santo—its sale is scheduled for April—and Petroquisa's shares in the petrochemical plants and in second-generation firms. The other firms to be added to the list are the National Steel Company (CSN), Cosipa [Sao Paulo Iron and Steel Company] (Sao Paulo), Acominas [Minas Gerais Steel Company] (Minas Gerais), and Lloyd (Rio de Janeiro).

As regards petrochemicals, President Collor ended up vetoing the amendments (included in the bill already passed by Congress and authorizing Petroquisa's participation in Norclor's PVC project in Alagoas) which would have allowed Petroquisa to hold on to its shares. The notice concerning Petroflex will be issued on Tuesday.

* Mercosur Import Duty Reductions Outlined

92SM0215B Sao Paulo GAZETA MERCANTIL in Portuguese 3 Jan 92 p 3

[Article by Livia Ferrari]

[Text] Rio—The countries that comprise the Common Market of the South (Mercosur)—Brazil, Argentina, Paraguay, and Uruguay—are beginning the year 1992 by taking one more step toward the definitive establishment in January 1995 of a common free-trade zone.

As of 1 January of this new year, the preferential margins for imports made within the Mercosur region were automatically increased to 54 percent from 47 percent, thereby reducing still further the costs of products marketed within the region. Under the terms of the common import-duty rate schedule ratified by the national congress of each of the countries that are members of Mercosur, the preferential margins will be increased every six months.

New rate adjustments will accordingly be made next 30 June, raising the preferential margins to 61 percent of the total amount of the import duty. According to the same schedule, these margins will be increased gradually until they reach 100 percent on 31 December 1994. In other words, by January 1995 all products traded among the Mercosur countries will be marketed free of any import duty.

In conjunction with these adjustments, the Mercosur countries are committed to the total elimination of their lists of excepted products (lists of products excluded from the system of preferential margins).

Under the terms of a commitment undertaken between Brazil and Argentina, the total elimination of their lists will be completed by January 1995. Paraguay and Uruguay will have one additional year from that date to completely eliminate their lists of excepted products. The Mercosur agreement specifies that the four countries will reduce by 20 percent per year the total of excepted products on their lists. In 1991 this list comprised 324

Brazilian products, 394 Argentine products, 439 Paraguayan products, and 960 Uruguayan products. These numbers, however, are scheduled to undergo further reductions of 20 percent this month.

According to Lucia Maduro, deputy director of the Foreign Trade Department of the National Confederation of Industry (CNI), the commitments undertaken among the Mercosur countries to lower duties on intraregional imports will be included in a comprehensive agreement to be signed within the framework of the Latin American Integration Association (ALADI). She also pointed out that the import duties on products already enjoying preferential margins under the terms of the Brazil-Argentina agreements that have been concluded within the framework of ALADI (as for example the products covered in Economic Complementation Agreement XIV of December 1990) will be completely eliminated before December 1994.

Although she recognizes the importance of Mercosur for the international integration of the economy of the Southern Cone, the economist of the CNI's Foreign Trade Department believes that the success of the economic integration of the region will be largely dependent on stabilization of the individual economies of the region. Such stabilization is, in her opinion, a basic prerequisite for coordinating the foreign exchange policies of the Mercosur countries and for establishing a common average duty on imports from third-party countries.

Despite these difficulties, the integration initiatives are producing quite favorable statistics. Already in 1986—the year the Brazil-Argentina Economic Integration and Complementation Program was initiated—trade between the two countries recorded a 41 percent increase over 1985. And during the cumulative period 1985-1990, trade between Brazil and the other Mercosur countries increased by 115 percent to $3.609 billion from the $1.673 billion recorded in 1985.

Schedule of Increases in the Preferential Margins on Imports Within Mercosur (margins in percentages)

Date	Margin
30 Jun 91	47
31 Dec 91	54
30 Jun 92	61
31 Dec 92	68
30 Jun 93	75
31 Dec 93	82
30 Jun 94	89
31 Dec 94	100

* Goldemberg Seeks Scientists' Support for Accord

92SM0215D Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jan 92 p 14

[Article by Leticia Borges]

[Text] Brasilia—Minister of Education Jose Goldemberg is seeking statements of support from Brazilian scientists for the recently signed accord between Brazil, Argentina, and the International Atomic Energy Agency (IAEA). The position of the Collor administration in this sector, Goldemberg says, corresponds to the "dream of a pacifist civilian government such as the scientists advocated during the military regime." Goldemberg accompanied President Fernando Collor to Vienna, where the accord was signed. "The silence of the scientists is surprising, when it should be the time to applaud," he said. According to the minister, there seems to be a certain identity of thinking between the military and some sectors of the Left when it comes to discussing the government's actions in respect to science and technology, including the nuclear variety.

Goldemberg criticized one line of thinking according to which the government is yielding Brazilian sovereignty by permitting international inspection of nuclear installations and projects, as provided in the accord with the IAEA. He cited as an example of these ideas a recent speech by Deputy Mauro Borges (PDC [Christian Democratic Party]-Goias) that criticized the accord.

Exaggeration

In the opinion of the physicist Enio Candotti, president of the Brazilian Society for the Advancement of Science (SBPC), this lack of response among scientists is due to other motives, namely the preoccupation of scientists with problems such as the crisis in funding for research in Brazil and the fact that the accord was signed near the end of the year. "I realize that it is an important achievement and corresponds to long-standing recommendations on our part," Candotti says.

The physicist Candotti declares, however, that criticism associating the scientists with reactionary positions is an exaggeration. "These critics are certainly not talking about the SBPC," he insists. "I do not believe that sovereignty equates with inspection but rather with the mastery of knowledge," he says. In his view, inspection "using civilian criteria" is necessary. According to the physicist, the SBPC will shortly issue a statement on the matter.

Malevolent Theory

In Education Minister Goldemberg's view, there exists a "malevolent" theory in military sectors of various nations to the effect that the wealthy countries actually want to deny other countries access to the nuclear technologies.

This line of reasoning, Goldemberg believes, seems to have won the support of "old nationalist sectors." "Despite the fact that scientists have always advocated a world without nuclear weapons, they are allowing themselves to become enmeshed in these ideas," says the minister, who is a former president of the SBPC.

High Tech

The mere announcement of the accord with the IAEA, Goldemberg says, was sufficient to initiate removal of the barriers to Brazil's access to high-tech products. As an example he cited the University of Rio Grande do

Sul, which in only one week received from the Cray supercomputers company a response to a request for consultation—a process that would normally have taken from six months to a year.

In Goldemberg's view, Brazil's status abroad has already changed. He believes that the debate has now been resolved as to the necessity for signing the Nuclear Nonproliferation Treaty—one of the factors in the constant pressure that the developed countries have brought to bear on Brazil, which as a matter of principle has not signed it. The treaty, according to Education Minister Jose Goldemberg, is considered to be discriminatory.

* Exchange Program for Soviet Scientists Funded

92SM0215C Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4-6 Jan 92 p 13

[Article by Mariluce Moura]

[Text] Sao Paulo—The Sao Paulo State Government already has funds assured to bring from East Europe this year—and particularly from the former Soviet Union—approximately 30 scientists "of proven excellence" who can contribute to "a substantial increase in the production of the state universities and research institutes," according to International Relations Adviser Luiz Gonzaga de Mello Belluzzo.

"We believe," he said, "that it is of priority importance to bring researchers who are capable of putting us in contact with the most advanced developments in those areas of knowledge that have evolved very rapidly and in which Brazil has had difficulty in training personnel." In his estimation, this should be done in the biomedical and the so-called high technologies, "following the example of the physical sciences."

Belluzzo chose not to disclose the amount of funds authorized by Governor Luiz Antonio Fleury Filho for this special exchange program, but he commented that the salaries for the scientists will be in the $5,000 to $6,000 range. "With anything less than this," he said, "we would be competing at a much lower level with other countries whose doors are open to top researchers who are at this moment choosing to leave East Europe."

Inclusion of Industry

While the concept of the exchange program directed toward universities and research institutes is still being defined in cooperation with the International Relations Advisory Office of the state government; the state Secretariat of Science, Technology, and Economic Development; and the Sao Paulo State Federation to Support Research (FAPESP), Belluzzo is already checking on the ways in which the unexpected offer of Soviet expertise could also benefit the production sector in the state of Sao Paulo.

"I believe that technical experts of great competence could help to promote innovation in certain industrial sectors," Belluzzo said, "and I have discussed this with Secretary of Science and Technology Delben Leite and with representatives of the Brazilian Association for the Development of Basic Industries (ABDIB) and the Association of the Machine-Building Industry (Sindimaq)." It is not clear, however, in what form this industrial exchange could be funded, and for this very reason any decisions in this area will have to be delayed.

The scientific exchange—which was already beginning to be discussed last year—can proceed much more rapidly, because the terms of reference of the program are expected to be ready this week to be sent to the three Sao Paulo state universities (USP [Sao Paulo University], Unicamp [Campinas State University], and Unesp [Sao Paulo State University]) to the research institutes.

"We shall indicate the priority lines of the program—in other words, the areas that we believe most urgently require attention—and the form in which the concerned institutions should participate in this exchange," Jose Eduardo de Oliveira Lima, executive secretary of the International Relations Advisory Office, explained.

It is not enough, he said, for each institution to send a list of researchers it would like to bring here, together with their resumes. "These institutions," he said, "will have to spell out—in terms we are now in the process of defining—its program or programs; the projected duration of its program or programs; and so forth."

Adoption of this procedure, he said, reflects "a determination to avoid having any individual institution feel neglected or harmed" because some other institution has come forward with a list of Ph.D.'s it would like to have in order to enhance its scientific production. (USP, for example, has already disclosed its list of the nine researchers in which it is interested.)

"We shall be very scrupulous in examining the various programs," Jose Eduardo Lima insisted, "and FAPESP—which has a great deal of experience in this field—will examine them, without disregarding the terms of reference that have been established." He went on to say that for this reason "it could happen that 25 researchers, or 35, could be approved for entry. Thirty is the ideal number we are aiming at, but this could vary depending on the responses from the individual institutions."

He explained that although priorities are being established as to the areas of knowledge that should receive attention, this does not mean that other areas of knowledge are thereby excluded. "If a brilliant motion picture producer wants to help train people here, and some institution submits a well-detailed request, there is no reason not to bring in such a person," he commented. He said it is also possible that some scientists who are not from East Europe may be brought here.

Duration of Their Stay Flexible

The program anticipates that there will be a certain flexibility in the length of the stay of each scientist. "We

believe six months is the minimum time required to make an effective contribution, but it could be one year, or two," International Relations Adviser Belluzzo explained. "If the scientist wishes, he could subsequently remain as a visiting professor, and eventually—if there are openings—begin a normal career in these institutions and enter their salary structure."

This offer may not be of interest to the foreign scientist, inasmuch as the salary ceiling at USP, for example, is only 4,600 cruzeiros (for a full professor with more than 20 years of service who is head of a department) and the base salary for a professor only 1,860 cruzeiros (at December values) [figures as published].

Belluzzo also said the exchange programs that the universities maintain with their own funds can continue without hindrance. "The funds that we—together with the governor—have authorized for this special exchange program are separate and will go to the according institutions as they initiate their programs," he said.

In February, moreover, USP is on its own account already bringing to Brazil the physicist Dmitriy Gitman—one of the foremost experts in quantum physics and a professor at the Moscow Radioengineering Institute—who will come here to work on theories concerning fields with unstable vacuum. The 47-year-old scientist—who has published five books and more than 100 monographs—competed with 30 other Ph.D.'s (including one American) for the post he will occupy.

Roundup of Economic Activities 5-29 Jan

PY1001004492

[Editorial Report] Following are reports on economic activities in Brazil 5 to 29 January. Source information is given in parentheses after each item.

From January to September, 48 percent of the 331 nonfinancial companies with shares on the stock market registered losses. The number of companies with losses in 1990 was 40 percent and in 1989, 18 percent. This is the largest number of companies to register losses since Austin Assis consultants began conducting this poll in 1985. In September, sales for industrial companies went down a real average (compared to the dollar) of 13.7 percent. The profit on sales went down from 7.3 percent in December 1989 to 0.1 percent in September 1991. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Jan 92 Section 3 p 1)

Alfredo Nascimento, head of the Manaus Tax-Free Zone (ZFM) Superintendency, has reported that in 1991, the ZFM sold $2.4 billion less than in 1990, that several of the ZFM factories were semiparalyzed, and that 45,000 out of 100,000 employees had been laid off. He added that the volume of business in the same period decreased by 70 percent. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Jan 92 Section 1 p 11)

The Paper Manufacturers Association has reported that in 1991, Brazilian paper and cellulose manufacturers sold $300 million less than in 1990. Exports increased, however, from $1.2 billion in 1990 to $1.3 billion in 1991. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Jan 92 Section 3 p 3)

The Brazilian Shoe Manufacturing Association has reported that exports of Brazilian shoes in 1991 increased 6 percent over 1990 exports and totalled $1.25 billion. Domestic sales decreased. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Jan 92 Section 3 p 3)

According to Argentine Commercial Attache Natalio Jamer, Argentine-Brazilian trade in 1991 totalled an estimated $2.5 billion. He added that although this is the highest level ever, it will increase even more when the Common Market of the South begins full operation in 1995. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Jan 92 Section 3 p 3)

In December 1991, Brazil had its highest exchange balance of the year: $2.1 billion in currency entered the country. This was due to a significant increase in the number of exchange contracts for exports, which totalled $3.4 billion in comparison with $2.5 billion in November. On 2 January, exchange contracts for exports continued the trend and reached an impressive $191.7 million. (Rio de Janeiro O GLOBO in Portuguese 7 Jan 92 Economy Section p 21)

The Getulio Vargas Foundation has reported that the December 1991 inflation rate based on the general price index totalled 22.1 percent. The rate was 3.7 percent lower than the one registered in November. (Brasilia Voz do Brasil Network in Portuguese 2100 GMT 9 Jan 92)

The greatest star in Brazilian stock exchanges is Brazilian Telecommunications, Inc., which sold $500 million in shares to foreign investors in 1991. Following a visit by 12 of the top stock brokerages in the world, the government expects to sell $2 billion worth of shares in 1992 without suspending government control of the company, thus respecting the Constitution. (Sao Paulo VEJA in Portuguese 1 Jan 92 p 36)

The Brazilian Government has authorized an average 28.82 percent increase in postal rates. Telephone rates have also been adjusted an average of 26.5 percent. (Brasilia Voz do Brasil Network in Portuguese 2100 GMT 10 Jan 92)

Job opportunities in Sao Paulo industries dropped 8.45 percent during 1991 according to the Sao Paulo State Federation of Industries. (Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 13 Jan 92)

The sixth public enterprise put up for sale by the government, the Bacia do Prata Shipping Company, SNBP, was auctioned at the Rio de Janeiro Stock Exchange today at a price 54 percent higher than the minimum price. A total of 42 million common shares

were auctioned. The SNBP was sold to the Inter-American Shipping and Trade Company for 14.7 billion cruzeiros. (Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 14 Jan 92)

Brazilian diplomats abroad did not receive their December salary and Christmas bonus on time. The government explained that the budget fell short because of the high Brazilian inflation rate. Besides the Foreign Ministry, the salary shortage affected public employees of the Justice Ministry and the Federal District and included some pensioners from the old state of Guanabara. The salaries, which were supposed to be paid on 4 January, were finally paid on 10 January. Although the treasury had the money, Congress did not authorize the payments until 22 December. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 14 Jan 92 Section 1 p 5)

For the first time since February 1981, the official commercial dollar exchange rate yesterday was higher than the black market rate, by a difference of 0.4 percent. The black market dollar exchange rate yesterday closed at 1,180 and 1,110 cruzeiros for selling and buying, respectively. The commercial dollar exchange rate closed at 1,155.02 and 1,155.14 cruzeiros for selling and buying, respectively. (Rio de Janeiro O GLOBO in Portuguese 14 Jan 92 p 20)

Today the Central Bank will release the sixth batch of new cruzados that were withheld in March 1990. It will release 1.8 trillion new cruzados; there are still seven more batches to be released. (Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 15 Jan 92)

Eduardo Modiano, president of the National Bank for Economic and Social Development, foresees the privatization of 22 state companies this year. Among these companies, Modiano cited Brazilian Aeronautics Company, Embraer; the Sao Paulo Iron and Steel Company, Cosipa; the Minas Gerais Steel Company, Acominas; and the Brazilian Lloyd. He recalled that the privatization of Minas Gerais Iron and Steel Mills, Inc., Usiminas, opened the privatization program, and he reported that a survey has demonstrated that 70 percent of the Brazilian population supports the privatization program. (Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 15 Jan 92)

Sugar prices increased by 4 percent today as a result of the creation of an 18 percent Industrialized Products Tax, IPI. (Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 15 Jan 92)

The Federation of Brazilian Coffee Exporters reported that a total of 19.5 million bags of green coffee beans were exported in 1991, 33.6 percent more than in 1990. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 15 Jan 92 Section 3 p 2)

The Economy Ministry authorized an increase in cigarette prices by 23 percent effective 20 January. Prices will range between 680 cruzeiros and 1,580 cruzeiros. (Sao Paulo FOLHA DE SAO Paulo in Portuguese 18 Jan 92 Section 3 p 3)

The price of vehicles manufactured by General Motors will be increased 11 to 13 percent effective 20 January. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Jan 92 Section 3 p 3)

Economic Policy Secretary Roberto Macedo on 17 January announced that the minimum salary was readjusted to 96,037,33 cruzeiros starting in January. This represents a 128.66 percent readjustment as a result of the average accumulated national consumer price index from September to December 1991, plus a real increase of 4.02 percent. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Jan 92 Section 3 p 3)

The National Institute of Social Security (INSS) is facing a $33.21 billion deficit, which is the result of a $24 billion debt owed by the federal government to the INSS and a $9.21 billion debt that contributors failed to pay through the end of 1991. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Jan 92 Section 1 p 8)

During a lunch with Minas Gerais State businessmen on 17 January, Economy Minister Marcilio Marques Moreira announced that Brazilian reserves were $9 billion as a result of the incentive to exports, a favorable foreign exchange rate, and the entry of foreign exchange currency. (Rio de Janeiro O GLOBO in Portuguese 18 Jan 92 p 25)

In December, the consumer price index, IPC, which reflects the consumption of families earning between one and eight salaries, reached 24.15 percent. In November, the IPC was 26.48 percent. In December, the expanded consumer price index, which reflects the consumption of families earning between one and 40 salaries, reached 23.71 percent. This information was released by the Brazilian Institute of Geography and Statistics (Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 20 Jan 92)

In November, Petrobras' (Brazilian Petroleum Corporation) net profits totalled about 470 billion cruzeiros. According to information released by Petrobras and based on November's financial reports, profits reached 466.66 cruzeiros per share. Production in November averaged 646,000 barrels per day, 33,000 barrels less than in November 1990. Gross invoicing totalled 8.993 trillion cruzeiros and net invoicing totalled 7.256 trillion cruzeiros. (Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 20 Jan 92)

The Federal Revenue Office reported a record decline in tax collection in 1991. The office believes that the 15.3 trillion cruzeiros collected, after adjustment for inflation, represent a 21.04 percent decline compared with 1990's tax collection. (Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 21 Jan 92)

The Central Bank reported that the financial surplus of import and export operations was $14.749 billion in 1991. Exports totalled $34.505 billion and imports $19.756 billion. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jan 92 Economy Section p 7)

Central Bank Foreign Area Director Arminio Fraga Neto said that during 1991 Brazil received approximately $11.626 billion in foreign investments and loans, which represents more than double what was received in 1990, $5.366 billion. (Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 22 Jan 92)

The National Utilities Department of the Infrastructure Ministry will again control electricity rates, which until 21 January were controlled by the Economy Ministry, and has established an across- the-board 26 percent increase in the electricity rate effective today. (Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 22 Jan 92)

In 1991, Brazil's trade balance showed a surplus of $10.062 billion, which represents a drop of 1.22 percent compared with the $10.075 billion surplus in 1990. (Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 23 Jan 92)

Medications for chronic diseases are more expensive as of 23 January. Price readjustments vary from 24 to 32 percent. The information was released by the Economy Ministry's Supply and Price Department, which added that the increase was authorized for industries with an authorized profit margin of 30 percent. The list includes 360 medicines used to treat cancer, AIDS, diabetes, asthma, and other diseases. (Brasilia Voz do Brasil Network in Portuguese 2100 GMT 23 Jan 92)

Heloisa Camargo, director of the Foreign Trade Department, Decex, yesterday reported that the Brazilian trade balance in 1991 dropped by 1.22 percent in comparison with 1990. Exports dropped from $10.753 billion in 1990 to $10.622 billion in 1991. She also reported that Brazil's trade partners have changed. Sales to member countries of the Latin American Integration Association, ALADI, increased by 54 percent, and sales to Asia increased by 8 percent, while sales to the United States dropped by 19 percent, and sales to the EC dropped by nearly 1 percent. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 23 Jan 92 Section 3 p 1)

The sales value of enterprises in the free trade zone in Manaus, Amazonas, for 1991 will amount to approximately $6 billion, the lowest amount in the past 5 years. This information was disclosed by (Manuel Rodriguez), acting superintendent of the Authority of the Manaus Free Trade Zone. (Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 25 Jan 92)

The Agricultural Statistics Commission of the Brazilian Institute of Geography and Statistics, IBGE, of Rio Grande do Sul State has predicted that the grain harvest will be 73 percent higher than the previous harvest. Rio Grande do Sul will harvest 14 million metric tons of grains, including sunflower and wheat. This figure represents a 73 percent increase when compared with the figures of the last harvest, which amounted to 8.2 million metric tons of grain. According to Claudio Santana, coordinator of the Agricultural Statistics Commission, there has been an increase in productivity because the sown area only increased by 0.7 percent. Some 6 million hectares were planted this year. (Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 27 Jan 92)

Sao Paulo public employees will receive an 105 percent increase of which the first payment will be made in three installments. This was announced yesterday by Sao Paulo Administration Secretary Miguel Tebar. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Jan 92 p 1)

Chile

Peru's Blacker Ends Visit; Assesses Talks

PY3101020692 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 30 Jan 92

[Text] A visa to travel between Chile and Peru will no longer be required. This information was disclosed by Peruvian Foreign Minister Augusto Blacker and his Chilean counterpart Enrique Silva Cimma, who also agreed to expedite negotiations designed to implement the 1929 Treaty. A joint commission was created for this purpose.

The joint commission will be headed by Peruvian Ambassador Luis Marchand and Chilean Foreign Under Secretary Edmundo Vargas and will meet alternately in Santiago and Lima beginning next March.

It was also disclosed that the need for a visa to travel between the two countries has been eliminated. Only a passport is necessary now.

This agreement marked the end of the three-day visit by Peruvian Foreign Minister Augusto Blacker, during which it was also confirmed that Peruvian President Alberto Fujimori will visit Chile during the first week of August.

[Begin Blacker recording] I am very happy. I am leaving very satisfied, as I said before, because of the cordiality, openness, and frankness with which I have been treated by everyone I met during my stay in Chile. [end recording]

Argentine Envoy: Herrera Extradition Possible

PY3001155292 Santiago Radio Chilena Network in Spanish 1000 GMT 30 Jan 92

[Text] Argentine Ambassador Antonio Cafiero has said that his country is willing to grant the extradition of a CNI [National Intelligence Center] agent if Chile requests it. The diplomat was referring to Army Major Carlos Herrera Jimenez, retired, who fled to Buenos Aires while free on bail in the case of the killing of driver

Mario Fernandez, a Christian Democratic Party follower. Herrera Jimenez fled the country after a military court decision that found him guilty of unnecessary violence, causing Fernandez' death in October 1984, and sentenced him to 10 years and one day in prison. The former Army major was arrested in Argentina for using forged identity documents. Ambassador Cafiero said Herrera Jimenez presently was at the disposal of Argentine courts.

[Begin Cafiero recording] It is an Argentine court problem at this time. This individual was arrested in Argentina, and the judge hearing his case will issue a decision in the next few days. If the Chilean Government requests the extradition, and the petition is in accordance with Argentine laws, I do not think there will be any problem granting it. [end recording]

Cafiero made these remarks after a protocol visit to Supreme Court President Enrique Correa.

Ominami Discusses Economic, Currency Issues

PY3001143892 Santiago Radio Chilena Network in Spanish 1000 GMT 30 Jan 92

[Text] Economy Minister Carlos Ominami has said that the benefits produced by a strong export program must be distributed equitably. Ominami made this remark when commenting on Central Bank measures that were rejected as harmful by exporters. Journalist Maria Cristina Prudante reports:

Economy Minister Carlos Ominami said that the moderate revaluation of the peso, which was determined by market forces, will contribute to improving the standard of living of all Chileans, because all sectors will then benefit from the export program's success. Ominami said the measures were not incompatible with the development of a stronger export industry. Ominami further justified the Central Bank measures by emphasizing that they were determined by unavoidable economic factors.

Ominami said the government allowed time for our reactivation to take hold and the import industry to develop, besides taking time to determine the flow of capital into the country that could be considered sustainable. Given these adequate conditions, the government decided to broaden the scope of the market forces' action to determine the foreign exchange rate. Four days after the implementation of the measures, we can say that the fears of a massive revaluation were unfounded. The dollar's value has stayed far above the new minimum of the acceptable fluctuating band: five to six points above it. The dollar's price was determined by the free supply and demand of foreign exchange. Asked about inflation, Ominami said the inflation rate in February will be lower than January's, which probably will reach 1 percent. Regarding the goal of a 15 percent inflation rate this year—which is being questioned as too high with suggestions that the goal must be 10 percent—the minister said the proposal was not very serious.

[Begin Ominami recording] Regarding our inflation rate, I think it would be great if we can have lower rates with the right conditions. But it is important to note that there is a growing tendency to agree with the 15 percent goal. The same individuals who, a few weeks ago said that it was absolutely impossible to fulfill this goal, are now saying that we have to change it because it will be easily accomplished. [end recording]

Ominami added that, if the country can end the year with a 15 percent inflation rate, it will be the third consecutive year of progress in this field. Ominami said that this situation will put us in a very advantageous position to continue developing the trend until we become a country with a one-digit inflation rate.

Roundup of Economic Activities 18-29 Jan

PY3001234092

[Editorial Report] Following are reports on economic activities in Chile from 18 to 29 January. Source information is given in parentheses after each item.

Chilean steel production increased by 4.3 percent in 1991, reaching a total production of 805 metric tons of metal. According to Anibal Gomez, secretary general of the Latin American Institute of Iron and Steel, ILAFA, steel production in Latin America increased by 3 percent in 1991. (Santiago EL MERCURIO in Spanish 18 Jan 92 pp B1-B2)

This afternoon the Chamber of Deputies unanimously approved the draft bill reactivating the Railway Enterprise which privatizes up to 51 percent of the cargo transportation service. This initiative will demand a government investment of $100 million which does not contemplate the servicing of the enterprise's debt that will be honored by the government. (Santiago Radio Cooperativa Network in Spanish 2200 GMT 29 Jan 92)

Colombia

Agriculture Minister on Venezuela Trade Issues

PA3101014892 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 30 Jan 92

[Telephone interview with Agriculture Minister Alfonso Lopez Caballero by unidentified reporter in Santa Fe de Bogota—live]

[Text] [Reporter] Colombian President Cesar Gaviria Trujillo and Venezuelan President Carlos Andres Perez on 29 January signed a free trade agreement between Colombia and Venezuela. One of the main personalities involved in that agreement is Agriculture Minister Alfonso Lopez Caballero.

Good morning, Mr. Minister.

[Lopez] Good morning.

[Reporter] How will Colombian agriculture benefit from this new era in relations between Colombia and Venezuela?

[Lopez] Colombia and Venezuela have many complementary crops. They are harvested in different seasons. We have reached an agreement whereby Venezuelans increase their tariffs a little, and we lower our tariffs a little. In some cases, our tariffs were high. So Colombia will now have an additional market with free access for agricultural products such as sorghum, cotton, sugar, and rice.

[Reporter] Are you afraid that some family basket products that are not well stocked in our country and that have even been affected by smuggling in the recent past will become more expensive because many producers will want to export them to Venezuela?

[Lopez] At this moment, prices are at about the same level. I recently received a study on the prices of main consumer goods at supermarkets in Colombia and Venezuela, and we found that the highest consumed products have fairly equal prices.

Some products are used in Venezuela but not in Colombia. We found that kidney beans, for instance, are more expensive here than in Venezuela. Products such as rice have very similar prices. But it is true that, at this moment, sugar is more expensive in Venezuela than in Colombia.

[Reporter] Mr. Minister, in the specific case of meat, there was a lot of smuggling of Colombian cattle to Venezuela when there were controls. Meat is very expensive here in Colombia and, with better prices in Venezuela, should we suppose that prices will go higher?

[Lopez] At this time, we are evidently going through a stage in which the price of meat is relatively high. Free trade means the prices of all products traded freely in the area will tend to be equal, to balance themselves—they will tend to be similar—and will have slight variations due to their place of origin and transportation costs.

[Reporter] Mr. Minister, to make it clearer to our audience: This agreement means we will be able to trade, without any taxes, the 6,000 products included in the treaty between Colombia and Venezuela. What will be controls or requirements on a Colombian citizen to export freely and without taxes to Venezuela and vice versa?

[Lopez] The situation is the same, except there are no tariffs. To import or export products, one has to go through the same paperwork as before.

[Reporter] That means sanitation controls?

[Lopez] Mainly, the sanitation controls. In the case of some elaborate products that are imported into Colombia, it is very important that the specifications of origin certify that the raw materials used in the product are taxed the same as in Colombia.

[Reporter] Mr. Minister, please help us clarify this for our listeners. What do you mean when you say that no tariffs have to be paid but you have to go through the same paperwork as before?

[Lopez] For example, the two countries have sanitation controls, which we are also trying to coordinate. These controls will continue at the border. The border still exists.

[Reporter] But it will be much easier to trade products because, if there are no tariffs I suppose the paperwork will be easier.

[Lopez] Yes. It is the same process that took place in Europe for the European Common Market.

[Reporter] For example, say a Colombian producer wants to export sorghum to Venezuela. What would he have to do?

[Lopez] He has to make sure his product meets Venezuelan sanitation requirements, then he has to go through the rest of the normal international trade procedures.

[Reporter] Changing the subject, lets talk about cotton. Thanks to your mediation, the cotton growers of the country's northern coast ended their strike and blockade of main roads. What are the basic points of the agreement, and what are its perspectives for stability?

[Lopez] As we all know, cotton is going through a difficult crisis because of a price fall on the international market. In Colombia, a long drought has severely damaged the crops. Some cotton growers on the northern coast have been hurt not only by the international price fall but also because their crops were reduced by half.

For a while now, as this is not a recent thing brought on by the strike, the government has been studying the matter carefully and has taken various steps to deal with different problems the cotton growers are facing. We have taken measures to strengthen their negotiating positions when selling their product. For example, we have created an additional compensation mechanism that, when added to the CERT [Tax Rebate Certificate], provides a 10 percent subsidy on cotton exports. We created a credit fund worth $40 million at the Bank of the Republic to finance Colombian cotton trading abroad at the same international interest rates, which are now quite low. Certain measures are protectionist and will ensure that no subsidized cotton enters Colombia. That which does enter will be subject to compensatory rights, in accordance with the antidumping laws. Finally, we agreed to present a refinancing scheme for loans granted to those who have suffered a drastic drop in production because of the drought. This system will be formally presented in the next two weeks. Refinancing will be studied on a case by case basis, of course, and will use the weather related drop in production as a parameter.

[Reporter] Mr. Minister, I have two questions. As we understood it, until now, the CERT—currently rated at 5 percent— will increase to 10 percent. You have said that this will be a temporary, one-time increase. With

regard to refinancing and restructuring debt, how much money are we talking about, and on what terms?

[Lopez] We are talking about all those producers in the areas affected by the drought. The terms and conditions would be those decided by the Banking Superintendency and the National Agricultural-Livestock Credit Commission [Comision Nacional De Credito Agropecuario]. All of this will be determined at the credit commission's next meeting, but the basic general principle is the same: Interest must be paid in full, part of the principal, and then easier terms will be determined for the rest.

[Reporter] Thank you, Mr. Minister, for your comments.

ELN Attacks Oil Pipeline Installation

PA3001234092 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 30 Jan 92

[Text] An ELN [Army of National Liberation] column attacked a Colombia oil pipeline installation located between the municipalities of Segovia and Zaragoza. The ELN's Camilist Union column attacked an installation of the consortium that builds the oil pipeline and set fire to three heavy vehicles. The timely action of the 2nd Mobile Brigade and the 14th Brigade prevented the rebels from causing further damage.

During the chase, the soldiers, who intercepted the rebels as they fled to the mountains, killed 12 rebels and captured nine, while a large amount of war material was confiscated. Meanwhile, a sergeant major, the gunner on one of the helicopter gunships that participated in this operation, was seriously wounded and died a few hours later. The bodies of the rebels, still in the mountainous region where the clashes continue, have not yet been identified. The soldiers of the 14th and the Mobile Brigades continue operations in the region. Within the next few hours, it is expected that the rebels, who are fleeing to the mountains deep in the northeastern Antioquia Department, will be encountered once again. The operations continue, but no more information is currently available. Given that the area was bombed, additional dead rebels might be found.

Editorial on 'Economic Opening' in Auto Industry

PA3101043492 Santa Fe de Bogota EL TIEMPO in Spanish 27 Jan 92 p 4A

[Editorial: "The Opening on a Roll"]

[Text] The week of 26 January was filled with good news about the economic opening being implemented in the country. The reduction in interest rates, the improvement in commercial relations with the United States in order to receive the benefits of the so-called "Andean Initiative"—which will undoubtedly facilitate the sale of Colombian products in the United States—and the reduction of tariffs on vehicles are clear evidence that the opening is "on a roll."

The decision to set the tariff on vehicles at 35 and 40 percent, according to the number of cylinders in the engine; the excise tax on the imported value of cars at five percent; and the tariff for CKD [not further identified] material at three percent clears up, once and for all, the uncertainty that had been generated since last year among auto assembly companies, auto dealers, and auto buyers.

Immediately following this action, Colmotores enterprise announced a reduction in the price of vehicles of up to 12.7 percent, thanks to a considerable reduction in the cost of importing most parts involved in assembling cars.

For the Colombian auto assembly industry and the spare parts companies, this opening implies facing the enormous challenge of competitiveness around the world, a world in which every day the technological advancements in the production of cars are greater. This can be clearly appreciated in the Japanese economy, as the auto industry of the world is gradually being controlled by large companies from that country. One must remember what happened during the recent visit by President Bush to Japan to negotiate the sale of American cars to the Japanese and the drastic closing of auto plants in the United States, with the ensuing reductions in personnel. However, certain vehicles can certainly be assembled in Colombia in an efficient manner. In addition, spare parts for the national and foreign industry can also be produced efficiently in the country. In fact, this occurs in Mexico and Spain, where the auto industry plays an important role and the main export items are vehicles and spare parts.

Still more important is the real and psychological impact on car buyers of the aforementioned measures. Colombians were used to buying the most expensive cars of the world, thus making it impossible to expand the national market. It was like a vicious circle because the lower the demand, the higher the prices of cars. This further reduced sales.

The high tariffs and taxes were partly to blame for this phenomenon, in addition to the low purchasing power of Colombians. This vicious circle is beginning to break on the side of costs, leading to a reduction in price that favors consumers.

It is expected that the progress of the opening will be welcomed by businessmen and that union leaders understand that the stability of the development strategy that has been adopted entails making harsh adjustments in the companies. This will create a better future for all Colombians.

Ecuador

Communique Issued on Peru's Military Proposal

PA3101042592 Quito Voz de Los Andes in Spanish 2300 GMT 30 Jan 92

[Text] Regarding a Peruvian Government proposal to reduce all military spending by up to 50 percent, made

public in Official Communique 005-92 issued in Lima on 29 January 1992, the Ecuadoran Foreign Relations Ministry said in a communique that it had delivered to the Peruvian Government some time ago a proposal agreeing with Peru's stance. According to the Ecuadoran agreement, the two countries would reaffirm their commitment to refrain from using any form of threat or force, directly or indirectly, within the context of their mutual relations. They would also reiterate their commitment to solving all existing problems only by peaceful means and in accordance with international law.

The signing of this agreement is a basic condition for the Ecuadoran Government to give the Peruvian proposal any serious consideration. This may be accomplished separately, or as part of overall negotiations to find a just and honorable solution to the border dispute and to guarantee peace and progress for their peoples.

The process to reduce military spending must take into account the traditional imbalance that exists in this field between these two countries.

* Poll Surveys Ecuadoran Perceptions of Fujimori

92P40107A Lima EL COMERCIO in Spanish 13 Jan 92 p A4

[Text] An exclusive opinion poll obtained first by EL COMERCIO, reveals that 59 percent of Quito citizens and 44 percent of Guayaquil citizens feel that Peruvian President Alberto Fujimori has a positive attitude toward finding a definitive solution to the Peru-Ecuador border issue.

Only one of every three persons polled in both cities does not believe the Peruvian leader's attitude is positive.

The report, prepared by "Informe Confidencial", one of Ecuador's most respected pollsters, also reveals that 94 percent of Quito residents and 96 percent of Guayaquil residents want a definitive solution to the problem.

Analysis based on social class indicates that in Quito, this belief is more prevalent among the upper class (100 percent), whereas in Guayaquil, it is more prevalent among the middle class (97 percent).

As for the level of public approval of the Borja Administration's performance with regard to the border issue, the poll indicates that 74 percent of Quito residents and 54 percent of Guayaquil residents support the position of their chief of state. [All figures in the following table are percentages.]

Do you feel Peruvian President Alberto Fujimori has a positive attitude toward ending the conflict?

Quito

	Total	Undecided/No Response	Upper	Middle	Lower
Undecided/No Response	6	0	5	8	6
Yes	59	0	64	57	60
No	35	0	32	35	35
Total	100	0	100	100	100

Guayaquil

	Total	Undecided/No Response	Upper	Middle	Lower
Undecided/No Response	16	0	25	13	17
Yes	44	0	50	46	44
No	39	0	25	41	40
Total	100	0	100	100	100

Paraguay

Rodriguez Proposes Diverting Brazilian Pipeline

PY3001172892 Asuncion NOTICIAS in Spanish 30 Jan 92 p 12

[Excerpt] Through a letter sent by President Andres Rodriguez to Bolivian President Jaime Paz Zamora, the Paraguayan Integration and Industry ministers, Juan Carlos Wasmosy and Ubaldo Scavone, respectively, yesterday requested the building in Paraguayan territory of the gas pipeline that is being built to Brazil.

News agency reports datelined La Paz, Bolivia, state that Wasmosy and Scavone arrived in La Paz yesterday aboard a private plane. Their visit's objective is to request the building in Paraguayan territory of a gas pipeline that is being built to Brazil. This is in light of the Paraguayan interest in purchasing natural gas. The project originally called for the building of the gas pipeline directly to Sao Paulo.

During their stay in La Paz, the Paraguayan ministers handed President Jaime Paz Zamora a letter addressed to him by Paraguayan President Andres Rodriguez in which he makes the proposal.

After meeting President Paz Zamora, Integration Minister Wasmosy told the Bolivian press that the gas pipeline "is vital" for the continent. He added that, if it

passes through the two countries, "it will allow our nations to develop together."

In view of the fact that Paraguay shares a 738 km border with Bolivia, Paraguay proposes a deviation of about 40 km so that the gas pipeline that is being built from Santa Cruz to Sao Paulo, Brazil, may pass through Paraguayan territory. The Paraguayan Government plans to exploit the use of natural gas for industrial purposes, and the Bolivian-Brazilian project offers an excellent opportunity to do this. [passage omitted]

Frutos Visits Europe for Debt Negotiations

PY3001180892 Asuncion NOTICIAS in Spanish 30 Jan 92 p 11

[Excerpt] Foreign Minister Alexis Frutos Vaesken reasserted yesterday that the foreign debt issue will be resolved. He also said that agreements to guarantee investments will be achieved with all the necessary countries to attract capital and promote national development programs, in view of the Mercosur [Common Market of the South].

Frutos Vaesken said that this new tour abroad, which began yesterday, may be described as an advanced stage of the negotiations that are being carried out to achieve a pardoning of our foreign debt with the Paris Club. These negotiations are being carried out by the Finance Ministry and the Central Bank. In view of this, Finance Minister Juan Jose Diaz Perez and Central Bank President Jose Enrique Paez are planning a trip to Paris.

Frutos Vaesken is travelling in the company of his wife and Oscar Cabello Sarubbi, Foreign Ministry under secretary of general affairs, and Mrs. Cabello. The foreign minister reasserted that the trip's main objective is the signing of a framework agreement with the EC.

He said that this will be an extensive cooperation agreement that will include the financing of almost all national priority socioeconomic programs. [passage omitted]

Government Pays $218 Million on Foreign Debt

PY2801183992 Asuncion ULTIMA HORA in Spanish 24 Jan 92 p 12

[Text] Our country paid more than $218 million on its foreign debt during 1991. The disbursements were made to fulfill obligations to multilateral organizations and to some suppliers. The amount also includes the payment of debts contracted with the Bank of Brazil during 1990 that were included in the 1991 budget.

Payments to other international financial organizations, such as commercial private banks, the Paris Club, and some governments, have been postponed for this year and, according to government technicians, they will be paid within the framework of our foreign debt renegotiation.

The entity receiving the largest portion of government payments during 1991 was the World Bank (IBRD) with $64.2 million on interest and on the principal of various debts. The flow of capital from the World Bank is totally negative at this time because of our country's strained relations with the Bank in the last eight years.

The second-largest amount, $18.6 million, was paid to the Inter-American Development Bank (IDB); Japan's Overseas Economic Cooperation Fund (OECF) received $6.5 million.

Philips Export received $4.5 million for the supply of a variety of electronic equipment that will be used in the eastern airport. Japan's Marubeni bank received $1.4 million for commitments to build the eastern airport that the government wants to inaugurate in the coming months.

The country also paid $3.4 million to the River Plate Basin Development Fund (Fonplata) and $2.3 million to OPEC. OPEC had loaned us funds for livestock development and for financing the city drainage works.

AID received $2.5 million while IFAD [International Fund for Agricultural Development] received $2.3 million. The government also made small payments to other financial organizations, such as the Eximbank, for amounts that do not exceed $1 million and do not weigh much in the total foreign debt burden.

The 1992 budget contemplates the payment of $150 million on our foreign debt, which falls due this year. The amount includes payments to various creditors, including multilateral organizations, the Paris Club, and commercial banks. The country will again begin serving the foreign debt this year after a number of years in arrears.

Industrial Production Drop in 1991 Noted

PY3001234492 Asuncion ULTIMA HORA in Spanish 25 Jan 92 p 12

[Summary] According to a report from the Paraguayan Central Bank, the absence of appropriate financing and the monetary restriction policy has caused industrial production to drop by 1.1 percent in 1991, in comparison with the previous year. Agricultural production dropped by 0.6 percent, while the production of goods increased by a modest 0.4 percent, and production of services increased by 4.5 percent. According to the official report, the preliminary result is that the real economic growth in Paraguay in 1991 was 2.5 percent.

Peru

* New Military Commander Emphasizes Civic Action

92P40108A Lima EL PERUANO in Spanish 8 Jan 92 p A15

[Excerpts] Huancayo—This year the Army will continue its civic action work within the framework of the Peruvian Government's pacification policy, particularly in

the emergency zones, the chief of the Political-Military Command of the Mantaro Front, Brigadier General Carlos Torres Rodriguez, reported yesterday.

After receiving a delegation of 40 peasant communities from Jauja, Concepcion, Huancayo, and Tayacaja Provinces at command headquarters, the military chief also assured that countersubversive actions will be undertaken with the strictest regard for human rights. [passage omitted]

Regarding the Armed Forces' civic action work within its new antisubversive strategy, Torres explained that the work will include road repairs and community works with the aid of excavators, tractors, bulldozers, and other heavy tools and machinery recently delivered by President Alberto Fujimori.

The Engineering Battalion will be in charge of the repairs, which will begin in those areas without access roads.

The new chief of the Mantaro Front had served as the deputy chief of the Peruvian Army's General Service of War, and has been in Huancayo since 5 January.

Uruguay

President Lacalle Delivers National Address

PY3101012092 Montevideo Radio El Espectador Network in Spanish 2303 GMT 30 Jan 92

[Address to the nation by President Luis Alberto Lacalle Herrera on 30 January; place not given—live or recorded]

[Text] Dear fellow countrymen: We received a mandate to exert executive power through the citizenry's vote in November. We arrived at those elections through a campaign in which we clearly expressed what we intended to do if we came to power.

That same election determined the absence of a majority bloc in congress, and that was the moment when the system we praised so much began to work; that is, a coalition government, a congressional majority, that allowed for an efficient democratic system following the elections.

This system has worked until now, but its functioning rhythm does not satisfy us. In fact, we have approved the fiscal adjustment law, the public companies law, and the port law. These laws have been approved by one house, but it took us 15, 16, or 20 months to get these laws through congress.

This is not the atmosphere we seek; this is not the speed the country needs when we are at the doors of the Mercosur [Common Market of the South]. The Mercosur represents the largest qualitative change for our country since our independence. It will give us access to a market that—including our neighbors—has more than 200 million consumers. However, we will not be able to join this great opportunity and the hope that the Mercosur represents if we do not implement immediately and quickly—today—the transformations that are needed and that are not the patrimony of just one political party. These are changes that everyone, beyond our differences, knows are needed.

It is true that the government has obtained meaningful accomplishments. Inflation has [word indistinct] dropped; the fiscal deficit has dropped considerably; more investments are being made in the country; and the unemployment rate has dropped. But it is also true that we still must undertake social security reform [passage indistinct]. The country will not be a feasible entity if the social security system is not changed. We must implement a tax reform to make the taxation system more fair, exerting less pressure on the taxpayers. We must finalize approval of the port law. We must approve laws pertaining to public safety, as is demanded frequently by the residents of Montevideo and the interior.

We must reorganize our political structure to attain these accomplishments. We cannot accept the fact that the composition of our cabinet is clearly not resulting in votes in congress. This is not how the national constitutional system should work. When there is no majority bloc, an operational majority should be formed in congress, and that operational majority should be reflected in the national cabinet. That is what we intended this morning when we requested and obtained the ministers' resignation.

We are now beginning a new stage to define concrete objectives and to carry out political consultations that must allow us to reassert a government line that must be efficient, productive and that will make you, dear fellow countrymen, see that we decided to (?counter the crisis).

There is no more room for pretending; we cannot simply administrate the crisis. It is necessary to govern and transform our reality. All political factions will be invited to join us in this task. We will seek broader cooperation and the broadest base of support possible.

But we will also comply with the mandate given to us by the citizenry, either with this or another cabinet, either alone or together, because we clearly know we must comply with what we promised the people who voted for us in November 1989.

This is why, my dear friends, we want to reassert our will to transform the country and to lead it toward better days before the next congressional term begins. We want the people to accompany us, no matter what their leanings, for this purpose and to be convinced that the country has better possibilities as long as the changes that are necessary are introduced into the social (?structure). We will make what is necessary possible. We will (?bring) a future of hope. We will carry out what the people asked us when (?they entrusted us with this post). Thank you.

Entire Cabinet Resigns at Lacalle's Request

PY3001191492 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1818 GMT 30 Jan 92

[Text] Montevideo, 30 Jan (AFP-NA)—Government sources reported today that at the end of a cabinet meeting the entire Uruguayan cabinet tendered its resignation in response to a request from Uruguayan President Luis Alberto Lacalle.

The president, however, asked his secretaries to remain in their positions until the ministerial reshuffle is decided upon. He added that he will personally address the nation via television in the next few hours.

The crisis is a consequence of the decision of the governmental alliance of the Radical Batllista faction of the Colorado Party, led by former Senator Jorge Batlle, to withdraw its support [words indistinct] that contributed with decisive votes for the approval of government initiatives at congress.

Since December, Lacalle has been under continuous attack, including from his own National Party (center-right), because of his economic policies and the social cost of the market deregulation policy. He has also often been asked to replace Economy Minister Enrique Braga and Central Bank President Ramon Diaz.

The problem worsened when Batlle reported that his faction will interpellate Minister Braga at the senate on alleged contradictions in the implementation of the liberal modifications that would prepare the country to join the Common Market of the South with Argentina, Brazil, and Paraguay.

Caught between two fires—on one side Batlle demanding the acceleration and deepening of the reforms, and on the other side a group warning him about the social and political cost of the liberal policy—President Lacalle made several contacts during the week to define the panorama.

Lacalle thus met with former President Jorge Pacheco Areco (1967- 72), leader of another pro-government Colorado Party faction, with Vice President Gonzalo Aguirre, and Carlos Pereyra, the head of the Nationalist Party bloc in congress. Lastly, he summoned the entire cabinet to request the resignation of all ministers.

While there is no information on the contents of the speech President Lacalle will deliver to the nation over radio and television at 2100 (2300 GMT), government spokesmen asserted that no further information on the subject would be disclosed.

However, it was not dismissed this afternoon that Lacalle may hold new talks to ensure the establishment of a new government alliance and the reorganization of his cabinet that will increase congressional support for his administration.

When he learned about the Radical Batllista faction's decision to interpellate him, Minister Braga only said: "We have our plans and will disclose them at an opportune time."

Government Requests Debt Payment From Russia

PY3101132692 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1945 GMT 30 Jan 92

[Text] Montevideo, 30 Jan (AFP-NA)—The Uruguayan Foreign Ministry on 29 January officially reported that Uruguay has requested a payment of $15 million from Russia as part of a debt totaling $80 million that resulted from a loan granted to the former Soviet Union for the purchase of wool from local manufacturers.

Igor Laptev, the Russian Federation ambassador to Uruguay and former USSR representative, was summoned to the Foreign Ministry. He told Uruguayan Foreign Minister Hector Gros Espiell that he expects a concrete answer on the issue that will be urgently reported to Moscow.

During the meeting on 29 January, Gros expressed the need "to reach a prompt solution on the debt generated by wool exports."

At that time, the Bank of Uruguay granted an $80 million credit to the Soviet Union. Laptev said that it is up to the Russian Federation to make a decision on this matter.

The measure adopted by Gross was the continuation of a series of Uruguayan diplomatic steps to try to find a solution that, according to the ministers, should be quickly solved because it harms exporters and local manufacturers.

Gros has ordered the Uruguayan ambassador to Moscow to make similar and parallel steps before Russian authorities.

Antidrug Cooperation Accord Reached With UK

PY3001115892 Montevideo EL PAIS in Spanish 24 Jan 92 p 12

[Excerpts] Uruguay and the United Kingdom signed an agreement on 23 January for legal assistance in "the investigation and trial of crimes linked to drug trafficking." According to British Minister of State for Foreign Affairs Tristan Garel-Jones, this shows the two countries' willingness to "confront this international threat hanging over us."

The agreement was signed at the Foreign Ministry by Uruguayan Foreign Minister Hector Gros Espiell and Minister Garel-Jones. [passage omitted]

The main aspects of the Uruguay-UK Agreement for Legal Assistance on drug trafficking were:

Scope of the Agreement

1. The parties will mutually render legal assistance under the terms of this agreement in the investigation and trial of crimes related to drug trafficking and in legal procedures linked to these crimes, including searching for, freezing, and confiscating drug-trafficking proceeds as well as instruments used in the drug trade.
2. Assistance will be provided when the action that prompts the investigation, trial, and legal procedures is a crime in both the petitioning government [estado requirente] and the petitioned government [estado requerido].
3. This agreement does not allow the officials or citizens of the petitioning government to perform acts in the territory of the petitioned government that, in accordance with the petitioned government's laws, are reserved to its officials.
4. The terms of this agreement do not allow citizens to obtain, suppress, or exclude evidence, nor to refuse to comply with a request for assistance.

Scope of the Assistance

The assistance will consist of:

a. Supplying information, documents, or other evidence.
b. Receiving testimony or depositions, as well as conducting expert appraisal and inspection of objects and sites.
c. Search for or identification of people.
d. Adoption of measures aimed at seizing or freezing assets.
e. Compliance with requests for verification.
f. Confiscation and transfer of confiscated assets.
g. Transfer of people to act as witnesses or to comply with other requests clearly indicated in the petition.
h. Any other type of assistance not forbidden by the laws of the petitioned government.

Spokesman Denies Partial Sale of Gold Reserves

PY3101235492 Montevideo Radio El Espectador Network in Spanish 0900 GMT 27 Jan 92

[Summary] Jose Maria Orlando, economic team spokesman, denied reports from London on the partial sale of Uruguayan gold reserves. On 23 January, persistent rumors circulated on the London market about the partial sale of Uruguayan gold reserves and about future sales. Orlando said that there were no gold sales and that no future gold transfers were scheduled either.

Venezuela

Perez, Colombia's Gaviria Sign Agreement

PA3001204992 Caracas Venezolana de Television Network in Spanish 0000 GMT 30 Jan 92

[Report by Zaida Pereira from Maiquetia International Airport]

[Text] President Carlos Andres Perez and Colombian President Cesar Gaviria signed an agreement after meeting briefly during a stopover by the Colombian president on his way to Davos, Switzerland. Among the most important characteristics of this agreement are the advantages it offers for importing raw materials for medicines, pesticides, and basic fertilizers. It includes foreign exchange and technical agreements.

[Begin Development Minister Imelda Cisneros de Perez recording] We defined a common tariff structure that will be implemented immediately. It is based on a proposal regarding countries outside the Andean Group. We believe that this is a significant step toward the establishment of a subregional tariff union.

This tariff is the result of the implementation of the Barahona Document guidelines. It establishes a simple structure based on levels of productive elaboration and with a maximum ceiling of 20 percent. This establishes the basis for a better reincorporation of our productive activities into the world economy.

This tariff is not motivated by fiscal or protectionist goals. It seeks to become the main axis of a modern industrial policy to tackle international competition. [end recording]

President Gaviria answered some questions on the border differences between Venezuela and Colombia.

[Begin Gaviria recording] I am convinced that the people of both countries want the agreement and that they trust that the negotiations commission will know how to protect the interests of their respective countries.

We are certain that this process will produce results and that if an agreement is reached, it will be in tune with Colombia's and Venezuela's interests. We are negotiating because we are certain that it is possible to meet both countries' interests. I am certain that if we eventually reach a settlement, the majority of the people of both countries would support that agreement, allowing us to overcome differences that are relatively small relative to the huge opportunities that integration offers to both countries.

The agreement I have signed with President Carlos Andres Perez is a historic agreement. It is the most important trade agreement ever signed in Latin America. It will allow both countries to have a common market for both countries' products. This is, of course, much more important than any sea limits differences. I honestly trust that we will be able to overcome those differences. [end recording]

Later, President Gaviria left for Davos, Switzerland, to participate in a world economic forum. Next week he will meet there with President Perez and they will probably continue discussing matters of mutual interest.